House
REPUBLICAN
Conference

Legislative Digest

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Anticipated Legislation

for the 106th Congress

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— Executive Summary —

This publication of the *Legislative Digest* is designed to assist members and their staff with legislative planning for the coming session. This document will be supplemented periodically with a companion publication, *Radar Screen*, that follows major legislation as it moves through the legislative process.

Following the announcement of the Republican Leadership earlier this year on its goals for the 106th Congress, most legislative activity for the next two years will focus on enacting four comprehensive measures to (1) save Social Security for future generations, (2) improve the public school system, (3) bolster national security, and (4) provide tax relief.

The House has begun developing a plan to **save Social Security** with its announcement of the **FY 2000 Budget Resolution**, which creates a "safe deposit box" to set aside 100 percent of the retirement surplus for the Social Security trust fund. The Budget Committee plan also projects to "lock away" almost $200 billion more for Social Security and Medicare than the president's budget.

The House will consider several measures to **improve public education** this year. Having already passed H.R. 800, a bill to expand the "Ed-Flex" program nationwide, the House also is expected to vote on legislation to (1) streamline several federal education programs and return the money directly to the states, (2) create tax-free educational savings accounts, (3) provide permanent tax credits to help finance school construction, and (4) reauthorize the Elementary and Secondary Education Act (ESEA).

As part of an effort to **fortify national security**, the House will vote on measures to (1) increase overall defense spending, (2) establish U.S. policy to deploy a national missile defense system, and (3) give Armed Forces personnel a 4.8 percent raise.

The FY 2000 Budget Resolution also calls for $800 billion in **tax relief** over 10 years, including $10-$15 billion in FY 2000. Later this year, the House will determine what form that tax relief will take, debating plans to (1) provide across-the-board tax relief, (2) eliminate the "marriage penalty" and the "death tax," (3) reduce capital gains taxes, (4) eliminate the Social Security earnings limit, (5) expand tax deductions for health care expenses, and (6) increase IRA contribution limits.

Annual "must do" legislation for the House includes passage of the **13 annual appropriations bills**, which will be debated over the spring and summer. Next week, the House will debate a **supplemental appropriations** measure to provide (1) disaster relief to hurricane and earthquake victims in Central America, (2) loan guarantees to U.S. farmers, and (3) economic and military aid to Jordan. Finally, before June 15 Congress and the administration must enact a plan to provide funding for the remainder of the year for the Departments of Commerce, Justice, State, and the federal judiciary; these programs were funded only until June 15 so that Congress and the White House could resolve disputes over the conduct of the **2000 census**.

Other major issues the House may consider include legislation to (1) improve health care quality, (2) reform bankruptcy laws, (3) reform and reauthorize the Federal Aviation Administration, (4) reform campaign laws, (5) modernize the financial services industry, (6) streamline federal housing programs to improve access and affordability, (7) strengthen and overhaul federal crop insurance programs, and (8) ensure the long-term solvency of Medicare.

— Agriculture —

Commodity Exchange Act Reauthorization — The committee plans to begin hearings on reauthorizing the Commodity Exchange Act (CEA). The current authorization expires at the end of FY 2000 and the congressionally-imposed moratorium on Commodity Futures Trading Commission (CFTC) rulemaking in the area of certain swaps and hybrids ends on April 1, 1999. Currently, legal uncertainty exists over whether to regulate some over-the-counter derivatives transactions. The committee will focus on whether the CEA should be applied to a wide range of products and whether to further alleviate regulatory burdens on America's commodity exchanges.

Commodity Programs — The committee plans to conduct oversight on the continued implementation of the 1996 Federal Agriculture Improvement and Reform Act (FAIR; *P.L. 104-127*). The 1996 law reauthorized most federal agricultural programs through the year 2002 and made major structural changes to farm commodity programs by establishing fixed but declining, "contract payments" to eligible farmers. It also strengthened support for conservation and gave farmers greater planting flexibility.

Specifically, the committee intends to examine: (1) current reporting methods for livestock prices; (2) the implementation of crop and market loss payments made available under the FY 1999 Omnibus Appropriation Act; (3) the USDA's implementation of Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments; (4) the impact of funding shortfalls under the Special Marketing Provisions for upland cotton; (5) the impact of the termination of the milk price support program on U.S. dairy producers; (6) the USDA's ongoing efforts to consolidate and reform federal milk marketing orders; (7) possible extensions of the Northeast Interstate Dairy Compact as well as the possibility of forming other regional compacts; and (8) the operation of specialty crop programs.

Conservation and the Environment — The committee will conduct oversight hearings on a number of important environmental issues affecting agriculture. Specifically, the committee will hold hearings on: (1) the regulatory activities of the Natural Resource Conservation Service and the Environmental Protection Agency regarding concentrated animal feeding operations (CAFOs) and their impact on the livestock industry and other agricultural producers; (2) the potential impacts of the EPA's National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter on agricultural producers because of the potential for onerous and costly regulations; (3) the potential consequences for U.S. agriculture should the Kyoto Protocol mandates be implemented, especially in light of reports that they may reduce farm income by 50 percent; (4) the Forest Service's management of public lands, including a review of agency grazing policy; and (5) the impact of EPA's regulatory activity regarding methyl bromide and its economic impact on farmers.

Farm Credit, Rural Development, and the Rural Economy — The committee plans to conduct hearings on: (1) Farm Service Agency (FSA) credit issues, including the status of the Preferred Lender Program, efforts to streamline the application process, agency loan funding shortfalls, and efficacy of direct versus guaranteed lending; (2) the effectiveness of the Federal Agricultural Mortgage Corporation (FarmerMac) in providing liquidity to rural financial institutions; (3) the Farm Credit Administration's regulatory responsibilities relative to the Farm Credit System, as well as their individual and collective efforts to ensure the system's financial soundness; (4) the availability of credit to agricultural producers to alleviate low commodity prices; (5) the status of the Rural Business-Cooperative Service's Business and Industry loan program; and (6) the potential impact of electrical industry deregulation on agricultural producers and rural residents and whether farmers will bear the brunt of high electricity costs because of their rural location.

Federal Crop Insurance — In the short term, the committee plans to introduce legislation to strengthen the safety net for the nation's farmers by improving the Federal Crop Insurance Program. For the long term, the committee intends to introduce a complete overhaul of crop insurance to provide farmers with comprehensive protection against price and production losses without impairing U.S. global competitiveness.

Food Safety, Administrative, and Regulatory Issues — The committee plans to hold hearings to review: (1) the Food and Drug Administration's food inspection activities; (2) the effectiveness of the Grain Inspection, Packers and Stockyards Administration (GIPSA) in monitoring the potential for market manipulation in the livestock industry; (3) the expected reauthorization of the Grain Inspection Act in 2000; (4) the adequacy of agricultural labor and the agricultural guest worker program; and (5) the USDA's Year 2000 readiness as it relates to providing assistance to U.S. farmers and ranchers.

Research and Promotion — The committee will continue oversight of the 1998 Agricultural Research, Extension, and Education Reauthorization Act (*P.L. 105-185)*. The law was designed to (1) improve the overall coordination of all federally-supported agricultural research; (2) increase accountability and input for research and extension programs; (3) improve cooperation between states on extension work; (4) increase the flexibility of research and extension program funding; and (5) clarify matching requirements for federal funds granted to state universities to ensure consistency between research and education programs. The committee will focus on the USDA's implementation of the law and whether research funding is being used more efficiently to ensure that America's farmers are reaping the benefits of agricultural science.

Trade — Trade is expected to be one of the most important issues for the committee in the 106th Congress. In order to ensure fair and open markets for U.S. agricultural products, the committee plans to focus on: (1) strengthening U.S. agricultural trade and the role of the federal government in U.S. exports, promoting exports, and securing a more favorable export environment by reducing foreign trade barriers; (2) bolstering U.S. agricultural export promotion strategy and export programs to meet the demands of the world markets; (3) exploring new trade agreements and expanding existing agreements, including the World Trade Organization (WTO) Agricultural Agreement, the Free Trade Area of the Americas (FTAA), and accession of countries, such as China, to the WTO to ensure that U.S. farmers' and ranchers' interests are properly represented; (5) restoring the president's fast track trade negotiating authority; and (6) pushing for repeal of agricultural sanctions against other countries.

— Appropriations —

FY 1999 C/J/S/J Appropriations — The FY 1999 Omnibus Appropriations Act (*P.L. 105-277*) enacted last October appropriated funding for the Departments of Commerce, Justice, and State, and the federal judiciary only through June 15, 1999. Congress and the administration agreed to limit funding to June 15 in order to await the Supreme Court decision over the use of statistical sampling versus actual enumeration as a proper method to conduct the national census count. The Court recently ruled that sampling was illegal for determining apportionment of congressional seats among the states, but left unresolved whether sampling could be used for other purposes, such as determining federal funding distributions to states or by states for congressional redistricting. In response, the administration announced a new plan to produce two census count numbers, an accurate enumeration for Congress and the Courts and another using sampling for all other purposes. Republicans in Congress oppose the use of sampling, arguing that it is less accurate locally and subject to political manipulations; they support giving the Census Bureau the necessary additional funding to conduct a complete count through aggressive outreach to all communities. The

House will consider legislation to appropriate C/J/S/J funding for the rest of the fiscal year sometime before June 15 deadline.

FY 1999 Supplemental Appropriations — The Appropriations Committee recently reported legislation by voice vote appropriating $1.3 billion in supplemental appropriations, including $956 million in emergency disaster relief to victims of Hurricanes Mitch and Georges in Central America, $10 million for earthquake victims in Columbia, $100 million in economic and military aid to Jordan, and $152 million in loan guarantees to farmers. The measure also includes $91 million in non-emergency spending. The measure is fully paid for with offsetting cuts, except for $195 million to reimburse the Department of Defense for its initial response to the Caribbean hurricanes.

FY 2000 Appropriations Bills — With both the House and Senate expecting to consider the FY 2000 budget resolution during the week of March 22, the Appropriations Committee plans to begin its annual consideration of 13 appropriations bills sometime this spring. Through the budget resolution—a spending plan that defines in broad terms how much the government will take in through taxes and other receipts, and spend on all government accounts during the coming fiscal year—Congress determines the total amount of discretionary spending for the year. Discretionary spending is allocated to the Appropriations Committees in both chambers which must be subdivided among the 13 Appropriations subcommittees. If all 13 appropriations bills are not enacted before the new fiscal year (October 1), then Congress must pass and the president must sign a continuing resolution to provide temporary funding for government operations and programs to avert a government shutdown.

— Armed Services —

Ballistic Missile Defense (H.R. 4) — H.R. 4 declares that it is the policy of the United States to deploy a national missile defense. This bill sets no deadlines for enactment, does not address issues pertaining to ABM treaty of 1972, and declares nothing in terms of what type, where, or when a missile defense will be deployed. According to recent intelligence reports, the continental United States is currently vulnerable to attack from rogue nations such as North Korea and the country has no defense against a missile once launched. On August 31, 1998, North Korea fired a multi-stage missile that, once perfected, would be capable of hitting the continental U.S. This bill goes beyond the administration's current policy of deferring the decision of deployment by establishing a commitment to deploy a national missile defense (NMD) system. H.R. 4 is one of the top priorities of the Republican leadership. Floor action is scheduled for March 18.

Department of Defense (DOD) Authorization — DOD programs are authorized annually in a bill that includes funding for procurement, research and development, operation and maintenance, personnel accounts, and military construction. The FY 2000 authorization bill will likely spark debates over basic budget trade-offs (the size of the armed forces, weapons modernization, military readiness, and quality of life issues).

The administration's FY 2000 Department of Defense request is for $267.2 billion. The administration touts that it gives the Pentagon $12.6 billion more in purchasing power than previously planned for nest year. However, only $4.1 billion of the additional money would be new funding. The rest comes from $3.8 billion in lower than anticipated inflation and fuel costs, $3.1 billion from deferring certain military construction spending until 2001, and $1.6 billion in unspecified rescissions. The president's request would raise military pay by 4.4 percent and offer incentive pay packages for certain critical military personnel in FY 2000. Additionally, the request would repeal a 1986 change to military retirement policy. The administration also requested two more rounds of base closures: one in 2001 and the second in 2005. Congress has not been too receptive to a new round of base closures because of concerns that the administration politicized the Base Realignment and Closure process during the 1995 round. Last year, Congress turned down the same request.

According to the committee, Clinton's FY 2000 proposal falls at least $18 billion short of the requirements of the service chiefs and as much as $70 billion short of DOD's needs for the next six years. There is no sustained growth in Clinton's proposal until after FY 2003 when the president is out of office and the Balanced Budget Act expires. As a result, the 106th Congress will likely consider increasing the defense budget to support the needs of the services.

Other issues that the committee plans to address include funding for Bosnia peacekeeping operations. For the first time, Bosnia will be funded as part of a regular authorization and not through emergency supplemental appropriations. To keep forces deployed, the president has approved $1.8 billion in FY 2000. Also, the possible deployment of U.S. troops to Kosovo is estimated to cost nearly as much as Bosnia operations, but these costs are not included in the president's FY 2000 budget proposal. Included in the FY 2000 National Defense Budget is $12.4 billion for the Department of Energy's (DOE) defense related programs and $1.2 billion for other defense related funding needs. (Including DOD, DOE, and other national defense budget funds, the president's proposal amounts to a total of $280.8 billion).

The committee is currently holding hearings and plans to begin crafting a bill sometime in April.

— Banking and Financial Services —

American Homeownership and Economic Renewal Act — Mr. Lazio will soon introduce legislation similar to a House-passed measure from the 105th Congress. The measure reduces barriers to affordable housing with grants to states and local governments for regulatory barrier removal strategies. The proposal requires all federal agencies to include a housing impact analysis with any proposed regulation to certify that the regulation will have no significant negative impact on the availability of affordable housing. Local nonprofit and community development groups will be able to offer alternatives if such regulations have a negative impact on affordable housing. The legislation also enables families who receive federal housing assistance, such as public housing or Section 8 housing, to use these funds to achieve homeownership in the form of a down payment or monthly mortgage payment assistance. The bill also (1) contains provisions to assist self-help housing providers, such as Habitat for Humanity; (2) provides increased flexibility to localities in their use of HOME funds; (3) establishes procedures designed to enhance and improve manufactured housing; (4) addresses concerns raised regarding the Native American housing program; and (5) provides homeownership assistance to teachers who live and teach in distressed neighborhoods. The House passed similar legislation (H.R. 3899) by voice vote last year. The proposal will be ready for floor consideration this summer.

Community Development Financial Institutions (CDFI) Fund Reauthorization — The authorization for the CDFI fund expires at the end of FY 1999. During the 105th Congress, the Subcommittee on General Oversight conducted an investigation into irregularities in the CDFI's grant making process. This year, the committee is expected to consider legislation to reauthorize the CDFI fund, at which time they will review the Clinton Administration's implementation of CDFI reforms.

Credit Union Law Oversight — Last year Congress enacted the Credit Union Membership Access Act (CUMAA; *P.L. 105-219*). This law effectively reverses in part the Supreme Court's February 1998 decision in *National Credit Union Administration (NCUA) v. First National Bank & Trust Co.*, which held that the NCUA had exceeded its authority under federal law in permitting federal credit unions to serve groups with different common bonds. The CUMAA grandfathered existing multiple common bond federal credit unions (i.e., credit unions that have accepted groups with a common bond, in addition to their original membership) and groups which did not share the same common bond, and also authorized the formation of new multiple common bond credit unions. The statute authorizes limited growth of credit unions through the addition of groups with less than 3,000 members, as well as institutes certain financial safety provisions designed to promote the solvency of the credit union system. The Subcommittee on Financial Institutions and Consumer Credit will hold hearings and review the NCUA's rules implementing provisions of the law.

Depository Institution Regulatory Streamlining Act — In the 105th Congress, the House passed legislation (H.R. 4364) by voice vote to reduce the regulatory burden on national banks, state banks, and savings associations. Although the Senate did not consider the measure before adjournment, the committee is expected to consider similar legislation this year. The bill streamlines the regulation of depository institutions and safeguards confidential banking and credit union supervisory information in order to: (1) improve monetary policy; (2) improve depository institution management practices; and (3) streamline federal agency requirements. The Financial Institutions and Consumer Credit Subcommittee is expected to begin hearings on the measure in April.

Financial Information Privacy Act (H.R. 30) — The committee is expected to consider legislation similar to that which it passed in the 105th Congress (H.R. 4321) to make it a crime to obtain or solicit customer information from a financial institution under false pretenses. The purpose of the legislation is to protect consumers by preserving the confidentiality of customer information maintained by banks and other financial institutions, and attempt to address the significant threat to financial privacy posed by an emerging industry of so-called "information brokers," who use deception and false pretenses to collect personal financial information for their clients. The unprecedented technological advances of the past several decades—and an ever-increasing demand by businesses and private litigants for financial information that can be derived only from non-public sources—have undermined consumers' expectation of privacy in conducting their financial affairs. Criminal elements have also sought to exploit opportunities created by the explosion of information available on individual consumers to commit fraud and other financial crimes. In response to these growing threats to financial privacy, the committee has conducted extensive oversight in the last two Congresses designed to educate consumers and providers of financial services regarding the nature of the threats, and to encourage the development of legislative solutions to address them.

Financial Services Competition Act (H.R. 10) — During the 105th Congress, the House passed legislation (H.R. 10; *H.Rept. 105-164, Pts. I-IV*) to modernize the 1930s laws governing the banking, securities, and insurance industries by a vote of 214-213. H.R. 10 allows banks to affiliate with other financial institutions, such as investment banks and insurance companies. Current law prohibits banks from offering a full range of financial services and prevents securities and insurance firms from accepting deposits or affiliating with deposit-taking institutions. The goal of the proposal is to (1) level the competitive playing field within the financial services industry; (2) increase competition to reduce the costs of services for customers; and (3) boost the international competitive position of American firms. Following are the measure's three main areas of reform:

* *Financial Holding Companies*. H.R. 10 repeals the anti-affiliation provisions of the 1933 Glass-Steagall Act and the 1956 Bank Holding Company Act, and makes other changes in law to allow for the merger of banking, insurance, and securities organizations.

* *Functional Regulation*. The bill amends the 1934 Securities Exchange Act to establish functional regulation of bank securities activities. Banks currently enjoy a complete exemption from Securities and Exchange Commission (SEC) regulation as a broker-dealer. The bill establishes specific guidelines for insurance products that banks and other financial institutions may offer.

* *Thrift Charter*. Under the bill, the Office of Thrift Supervision may no longer authorize any additional unitary thrifts. Existing unitaries, which can operate only one savings and loan through several branches, will be grandfathered. The ability to transfer existing charters will be restricted to financial firms. Thrifts are savings institutions originally created to offer home loans.

H.R. 10 was introduced by Chairman Leach *et al.*; the Banking & Financial Services Committee reported the bill by a vote of 51-8 on March 11. The Commerce Committee has joint jurisdiction on the bill.

Hedge Funds & Derivatives — The committee expects to hold hearings to examine hedge funds and derivatives and the risk they pose to the financial system. Hedge funds are flexible investment instruments (i.e., using a pool of invested money much like a mutual fund) that use a variety of different strategies (e.g., using short selling, arbitrage, leverage, or trading options and derivatives) and are not subject to the same regulations as other investments such as bonds, mutual funds, and money market funds. Specifically, the committee will review the activities of banks in domestic and foreign capital markets, including their trading practices, policies for extending loans to hedge funds and other speculative groups, and methods for assessing and mitigating risk. In the wake of bank losses in 1998 from transactions with such funds, the committee will review the regulatory agencies' examination procedures for addressing lending to these funds.

Derivative financial instruments are linked to the price of an "underlying" asset. The holder of a derivative realizes gains and losses as the value of the underlying asset changes, without owning the asset itself. The most popular derivatives are linked to interest rates, currency exchange rates, commodity prices, and stock indexes. The Subcommittee on Capital Markets will review the derivatives markets and examine whether instruments traded by banks on futures exchanges as well as over the counter are adequately regulated and, as necessary, recommend changes in the statutes and responsibilities of the agencies charged with oversight of these markets.

Homeless Housing Programs Consolidation and Flexibility Act — In the 106th Congress, the Banking Committee will again consider legislation to consolidate seven existing homeless aid programs under the Department of Housing and Urban Development. This legislation amends the Stewart B. McKinney Homeless Assistance Act (*P.L. 100-77*) to consolidate the federal programs for housing assistance for the homeless into a block grant program that provides states and communities with flexibility to use assistance amounts effectively. The bill requires local communities to add public or private funds to match any federal dollar (at a rate of 50 percent, except for grants of less than $100,000), and establishes procedures for greater local accountability of money spent. The House passed similar legislation in the 105th Congress (H.R. 217; *H.Rept. 105-407*) by a vote of 386-23; however, the Senate did not act on the measure. The legislation may be ready for floor consideration as early this spring.

Homeowners' Insurance Availability Act (H.R. 21) — H.R. 21 provides a voluntary federal reinsurance program which "backs-up" state reinsurance programs and regions of the country vulnerable to natural disaster. This proposal addresses the current lack of available or affordable single family home insurance in highly disaster-prone areas such as Florida, Hawaii, and California, where the potential for property losses exceeds the state's ability to adequately insure and provide coverage. The federal reinsurance program is paid through premiums received directly from the states that are based on actuarial rates. H.R. 21 was introduced by Mr. Lazio *et al*. The Banking and Financial Services Committee reported similar legislation in the 105th Congress (H.R. 219; *H.Rept. 105-407*) by a vote of 33-12; however, the House did not consider the measure before adjournment. The legislation will likely to be ready for floor consideration this summer.

International Monetary Fund (IMF) Reform Oversight — Last year's Omnibus Appropriations Act (*P.L. 105-277*) included numerous IMF reform measures. Specifically, the law included the full administration request of $14.5 billion for an IMF quota increase and $3.4 billion for the New Arrangements to Borrow (NAB). However, it included a number of conditions that the IMF must comply with before receiving the appropriated funds. The Treasury Secretary and the Federal Reserve Chairman must notify Congress that major shareholders of the IMF have agreed to, and will act to implement, IMF policies that (1) require recipient countries to liberalize trade restrictions and eliminate government directed lending on non-commercial terms; (2) require "transparency" by the IMF, including public disclosure of full written summaries of executive board meetings, letters of intent, and policy framework papers; and (3) require, in countries with balance of payment difficulties caused by a sudden loss of market confidence, financing from the IMF to be above market rates for the largest members, and be repaid within one to two-and-one-half years of disbursement. In addition, the Treasury Secretary must submit annual progress reports to Congress on efforts to reform the international monetary system as well as on progress (if any) made by the U.S. Executive Director of the IMF in influencing the organization to adopt certain policies and reform its internal procedures. The committee will review and hold hearings on these annual reports on the IMF.

Microenterprise Act (H.R. 413) — H.R. 413 authorizes the Community Development Financial Institutions (CDFI) Fund to establish a microenterprise technical assistance and capacity building grant program. The measure authorizes the use of funds from the Program for Investment in Microenterprise (PRIME) to provide training and technical assistance to low income, disadvantaged entrepreneurs interested in starting or expanding their own businesses. A microenterprise is generally defined as a sole proprietorship that has fewer than five employees, has not had access to credit from commercial banks, and requires a loan in an amount under $15,000. The 1996 Directory of U.S. Microenterprise Programs lists 328 microenterprise assistance programs throughout 46 states and the District of Columbia, approximately three-quarters of which were established within the last 12 years. These programs work with low-income populations to develop the necessary skills for managing and running a business. The bill was introduced by Mr. Rush *et al.* on January 19, 1999.

Money Laundering Prevention — The Banking & Financial Services Committee may consider several measures to strengthen federal law enforcement efforts to combat money laundering—the process by which criminal elements seek to convert the monetary proceeds of their illicit activity into funds through an apparently legal source—and encourage greater reporting of suspicious financial activity by financial institutions and their agents. In the 105th Congress, the House passed the Money Laundering Deterrence Act (H.R. 4005; *H.Rept. 105-611, Pt. I*), which extended "safe harbor" protection to independent public accountants who submit reports of suspicious financial activity to the federal government. The bill also grants immunity from liability to financial institutions that include suspicions of an employee's involvement in illegal activity when making employment references, unless such suspicions are known to be false or the institution acted with malice or reckless disregard for the truth. The House passed H.R. 4005 by voice vote; however, the Senate did not act on the measure before adjournment. The committee may consider similar legislation this year, as well as other measures to combat money laundering.

Preserving Affordable Housing for Senior Citizens into the 21st Century Act (H.R. 202) — H.R. 202 preserves the existing affordable housing program for senior citizens by converting the financing of pre-1990 senior housing developments to a modern program of capital grants (i.e., converting outstanding loan balances into capital advances). The bill will relieve non-profit entities from excessive debt service, thus providing the opportunity for greater program self-sufficiency. The measure is expected to save taxpayer money over the long term by reducing the need for project-based rental assistance. Prior to 1990, senior housing developments were financed through direct loans and project-based rental assistance contracts. In the year 2001, the rental assistance contracts on 215,000 housing units will begin to expire. The measure also increases funding for affordable senior housing from $660 million to $700 million and for housing for persons with disabilities from $194 million to $225 million. The bill was introduced by Mr. Lazio *et al.*; the Housing and Community Opportunity Subcommittee recently held the first in a series of hearings on the bill in Syracuse, New York. The committee hopes the bill will be ready for floor consideration this year.

World Bank Group — The World Bank Group is comprised of five entities to facilitate economic development in developing countries. The World Bank was established with U.S. leadership in 1945 to make or guarantee loans for reconstruction and development projects in less-developed countries. During the 106th Congress, the Clinton Administration is likely to request congressional authorization for additional funds for the World Bank's International Development Association, the Multilateral Investment Guarantee Agency, the African Development Bank, and other possible funding requests. The Subcommittee on Domestic and International Monetary Policy will likely hold hearings to review these issues.

— Budget —

Budget Process Reform (H.R. 853) — Similar to H.R. 4837 from the 105th Congress, Mr. Nussle recently introduced a bill that was developed in conjunction with the Budget Committee's task force on budget process reform and the Rules Committee. Major elements of the bill include (1) converting the budget resolution from a congressional blueprint to a joint resolution that, when signed by the president, has the force of law; (2) establishing a budgetary reserve for emergencies; (3) requiring that federal agencies and Congress budget for the long-term costs of federal insurance programs; and (4) establishing an automatic continuing appropriation for programs for which the applicable appropriation bills have not been enacted by the beginning of the fiscal year. The bill will likely be considered by May.

FY 2000 Budget — According to the president's FY 2000 budget, taxpayers will pay over $10 trillion in taxes to the federal government in the next five years, and more than $22 trillion over the next 10 years. Federal taxes as a share of the Gross Domestic Product (GDP) will remain above 20 percent throughout the period—a post-World War II high. Moreover, the federal budget will show a surplus of more than $800 billion over the next five years and more than $2.4 trillion over the next 10 years.

The outlines of the Republican FY 2000 budget proposal were released on March 4. The plan adheres to the 1997 discretionary spending caps, provides $10-15 billion in tax cuts in FY 2000 and $800 billion over the next 10 years. The GOP budget resolution also creates a so-called safe deposit box to protect the Social Security Trust Funds from being spent on other federal programs. Specifically, the resolution devotes the entire Social Security surplus, payroll tax revenues and interest, to the trust fund.

The president's budget provides no net tax reduction and no broad-based tax relief. It calls for more than $200 billion in new domestic spending over five years, including nearly 40 new mandatory programs and almost 80 new discretionary programs. In addition, President Clinton's budget proposes $108 billion in new taxes and fees. The Budget Committee reported its resolution on March 17, 1999, by a vote of 22-18.

— Commerce —

Deregulation of Electric Power Industry — Several lawmakers attempted to pass legislation in the 105th Congress to ensure fair competition and consumer choice in the electric power industry. New technology has increased competition in the public electricity industry and most of the industry's major players agree consumers will save money if they are given the right to choose between competitive electricity providers. Debate in the 106th Congress is expected to center on the federal government's role in deregulation, how to phase in the deregulation process, and what laws will govern the market across state borders. At least 18 states have already decided to open up their markets. One of the first steps for the 106th Congress is to revisit legislation to repeal or reform the Public Utility Holding Company Act (PUHCA) and the Public Utilities Regulatory Policies Act (PURPA). The committee will hold hearings on this issue and may consider legislation to reduce electricity regulation and promote competition.

Health Care Quality — Last year, the House passed the Patient Protection Act (H.R. 4250) by a vote of 216-210. In response to the growing concern that many in the public have expressed over the managed care industry, the measure was designed to ensure that the nation's health care system is accessible, affordable, and accountable. This year, the House is expected to consider legislation to address some of the issues outlined below. These issues include open communication between physicians and patients (elimination of "gag" rules), access to emergency care, openness of health plan information, external reviews by independent physicians, malpractice reforms, and confidentiality of medical records. The Commerce, Education & Workforce, and Ways & Means Committees will work on these issues to ready legislation for floor consideration. The House may consider some or all of the following issues:

* **Gag Rules**. The phrase "gag rules" was coined to refer broadly to clauses in provider contracts that may prohibit or limit provider-patient communications about medical conditions, care, and treatment. The House may consider legislation again this year (similar to H.R. 4250 last year) to lift "gag rules" placed on medical providers to allow open communications between patients and doctors in order for the patient to make fully-informed decisions about the best course of treatment—thus guaranteeing a patient's "right to know";

* **Access to Emergency Care**. The committee may consider legislation to (1) guarantee access to emergency care by applying a "prudent layperson" standard of what constitutes an "emergency"; (2) prohibit health plans from arbitrarily refusing to pay for covered emergency benefits; and (3) prohibit health plans from requiring patients or their doctors to get prior approval before seeking or providing emergency services;

* **Healthmarts**. The committee is expected to consider the issue of creating "Healthmarts"—private, voluntary, and competitive health insurance "supermarkets" that transfer choice within the current employer-based health insurance market from small employers to their employees and dependents. These plans will be established and run by private sector partnerships consisting of providers, consumers, small employers, and insurers. Healthmarts use competition and the marketplace to empower people to choose among insurance options;

* **Health Plan Information**. Many lawmakers believe that managed-care companies are not doing enough to inform patients about the specific details of their health plan. As such, the House may examine legislation to ensure greater disclosure of health plan information so that patients are able to learn what their plan specifically covers, including benefits, doctors, and facilities, in addition to information on premiums and claims procedures;

* **Review of Managed-Care Decisions**. Most managed-care organizations have internal procedures to address enrollee complaints. While such grievances may or may not be resolved to an enrollee's satisfaction, often they may not be appealed. The House may consider legislation to establish procedures to give patients more power to challenge insurers' decisions about coverage. Last year, the Patient Protection Act stipulated that patients must be given access to a timely, independent, review process by physician specialists. Proponents of the review process argue that it gives patients the care they need in hospital rooms—not courtrooms;

* **Medical Savings Accounts**. The House may consider expanding medical savings accounts (MSAs) to increase access to health care services and greater patient-control of health care expenditures. An MSA demonstration was included in the health insurance portability law (*P.L. 104-191)* passed in 1996. Essentially, MSAs are tax-advantaged personal savings accounts for unreimbursed medical expenses that can be used to pay health insurance deductibles, coinsurance, and copayments, as well as medical expenses that insurance does not cover. Last year, the House passed legislation to make MSAs available to all Americans;

* **Malpractice Reforms**. Last year, the Patient Protection Act put a $250,000 limitation on non-economic medical malpractice damage awards, unless a state already has a higher cap in place. Supporters of the cap point to the myriad unnecessary lawsuits that played a big role in swelling the cost of health care during the '70s and '80s. Critics contend that restricting the legal remedies available to patients curtails their rights and lets providers off the hook; and

* **Medical Record Confidentiality**. The committee may consider legislation to allow patients to access their medical records in order to view, copy, and amend them, and require providers, plans, and employers to disclose their confidentiality policies to their patient, enrollees, and employees. This measure stems from increased concerns from the public regarding safeguarding medical record confidentiality to protect personal and sensitive health care data from abuse.

International Satellite Monopoly — The committee expects to consider legislation to break up the international satellite monopoly. The House passed similar legislation (H.R. 1872) by a vote of 403-16 in the last Congress. The bill amends the 1962 Communications Satellite Act to promote competition and privatization in satellite communications. Specifically, the bill (1) prohibits the issuance of licenses or construction permits, or the authorization of space segments by any entity unless the Federal Communications Commission (FCC) determines that the activity will not harm competition in the U.S. telecommunications market; (2) requires the FCC to limit the authority to use space segments operated by Intelsat or Inmarsat to provide non-core services to, from, and within the United States until they have been privatized; (3) limits expansion of Intelsat and Inmarsat services pending privatization; (4) prohibits the FCC from assisting in the registration of new orbital slots for Intelsat or Inmarsat until they have been privatized; and (5) directs the FCC to secure a pro-competitive privatization of Intelsat and Inmarsat.

Internet Regulation — The use of the Internet has grown from small forums used mostly by the Department of Defense and academics to a popular conglomeration of networks that provide immediate access to information around the world. With tens of millions of Americans accessing the Internet daily, many questions have arisen regarding the federal government's role in regulating the industry. This year, the Commerce Committee plans to examine (1) expanding the scope of electronic commerce and ensuring that the IRS and federal bureaucrats do not exploit its revenues; (2) establishing a neutral nationwide standard for electronic authentication, or an "electronic signature" that allows people to conduct business on-line safely; (3) easing the restrictions on exporting advanced encryption products to allow individuals to conduct safe and secure transactions on-line; (4) developing an enforceable self-regulating system to protect on-line privacy so that finances, medical histories, or other personal information cannot be illegally accessed; and (5) resolving the problem of computer junk-mail or "spamming".

Nationwide 911 Service — The House recently passed H.R. 438 (by a vote of 415-2) to create a nationwide emergency 911 service for both wireless phones and landlines. The bill includes a number of measures to provide the same liability protection to *wireless* carriers that is accorded to *wireline* telecommunications services carriers. The measure also allows carriers to provide the information about a mobile phone user's call location to emergency dispatch providers and personnel to respond to the user's emergency call or to the user's immediate family in a life-threatening situation.

Nuclear Waste Disposal — This Congress, the committee will attempt to resolve the issue of establishing a permanent repository for the nation's nuclear waste. Since the Department of Energy (DOE) will not have a permanent storage facility ready until 2010 at Yucca Mountain in Nevada, it needs to establish an interim facility so that the federal government can live up to its legal obligation to begin accepting spent nuclear waste. Mr. Upton has introduced legislation (H.R. 45) to establish an interim facility that is similar to H.R. 1270, which passed the House last year with strong bipartisan support, but failed to surmount a filibuster in the Senate. H.R. 45 revises the 1987 Nuclear Waste Policy Act (*P.L. 100-202* and *P.L. 100-203)* to address problems and delays that have occurred during the development of an interim storage site and a permanent disposal site for nuclear waste. Specifically, the bill (1) outlines procedures by which the waste will be transported to an interim storage site; (2) enhances safety and emergency training of public safety officials in states that the waste will be transported through; (3) extends the date for which DOE must begin accepting waste at an interim site from 1998 to 2002; (4) increases the amount of waste that may be accepted at the interim site; and (5) replaces the user fee, which is based on a flat rate, with a fee based on the amount needed to complete the project. The committee plans to bring H.R. 45 to the floor in April.

Superfund Reauthorization — Superfund (*P.L. 95-510*) is a hazardous waste clean-up program funded through chemical excise and corporate environmental income taxes. The fund pays for cleanup of hazardous chemicals that have been released into the ground and water where no party is found liable. The taxes that funded the program expired at the end of 1995, and the trust fund is expected to run out of money in fiscal year 2001. At the same time, nearly two decades after its enactment, the program has cleaned up only a fraction of the sites on the so-called "National Priorities List," an average cleanup takes 12-15 years and costs $30 million, and only a third of all Superfund dollars are spent on the actual clean-up. Though many parties are potentially responsible for paying cleanup costs, identifying liable parties has led to an endless flow of litigation—with so much money at stake, many companies would rather incur the expense of the legal means to avoid payment. Although Congress and the administration have been unable to agree on a reform plan for several years, the committee plans to attempt to resolve this impasse.

Telecommunications Issues — The committee is expected to examine a number of telecommunications issues during this Congress. These issues include:

* **Satellite Home Viewer Act**. The committee is expected to consider legislation to prohibit satellite TV companies from being forced to turn off network programming to almost two million households. The 1988 Satellite Home Viewer Act (SHVA) permits satellite retransmission of network television programming only if a subscriber meets certain conditions. Many in Congress feel that satellite delivery is the most likely alternative to offer competition to cable television. However, questions have arisen over the delivery of network signals to satellite dish subscribers, which was prohibited in the 1988 law.

  Legislation to reauthorize and reform the SHVA did not clear the 105th Congress but is expected to be considered early in the 106th Congress. Among the issues to be debated is, if such restrictions are lifted, whether satellite providers must abide by the same regulations as cable television providers. A recent agreement between the four major networks and the satellite broadcaster DirecTV on the use of distant broadcast signals is likely to speed legislation on the SHVA reform bill. The agreement allows satellite subscribers living in "grade A" areas to have their distant signals reception shut off on June 30th and subscribers living in "grade B" areas to have their distant signals terminated on December 31st. Additionally, DirecTV has agreed provide discounted antennas to subscribers that will lose their signals. The House may soon consider a measure introduced by Mr. Tauzin (H.R. 851) to impose a 180-day moratorium to protect consumers from arbitrary shut-off while the committee works on a reauthorization measure.

* **Slamming.** The committee is expected to consider legislation to protect consumers against "slamming," the unauthorized change in a subscriber's telephone service provider. The House passed such a measure (H.R. 3888) in the 105th Congress, but it was not enacted before adjournment. Congress strongly opposes this practice, and depending on reaction to new Federal Communication Commission (FCC) regulations, may craft legislation to address this issue in the 106th Congress.

* **Federal Communications Commission (FCC)**. The committee is expected to consider legislation to reauthorize the FCC, and in doing so, will assess the FCC's implementation of the 1996 Telecommunications Act and examine proposals to restructure the agency. Dissatisfaction by some over FCC efforts to implement parts of the law, such as the "E-

rate" (otherwise known as the "Gore-tax") program, as well as an increasing sentiment that the FCC should be restructured to better address a changing telecommunications environment, may give impetus to such efforts.

Wireless Privacy Protection Act (H.R. 514) — On February 25th, 1999, the House passed a measure to strengthen wireless communication privacy laws by a vote of 403-2. Specifically, the measure amends the 1934 Communications Act to strengthen wireless communication privacy laws. Specifically, the measure makes it illegal to intentionally intercept *or* disclose any wireless communication (currently, it is a crime only if an individual *both* intercepts *and* discloses a wireless communication). In addition, the bill clarifies that illegal disclosure includes the publication or other utilization of such an intercepted communication. The measure increases criminal penalties for intercepting or divulging communications by authorizing enhanced penalties for repeated violations.

Worst-Case Accident Scenarios — The Commerce Committee will likely introduce legislation to prevent information from being posted on the Internet detailing "worst-case accident scenarios" of some 66,000 chemical-holding facilities. These scenarios must be submitted by these facilities and made available under the Clean Air Act, which requires that Resource Management Plans be submitted by government agencies to the EPA. These plans include "worst case scenarios" for accidents, the number of people harmed, and where hazardous materials are stored. Opponents of this requirement argue that if this information is released, it could be a "blueprint for destruction" for terrorists.

— Education & the Workforce —

Democratic Rights for Union Members — Last session, legislation was introduced (H.R. 4770) to amend the 1959 Labor Management Reporting and Disclosure Act (LMRDA) to allow rank-and-file members of a union and local union affiliates to authorize trusteeship—which have policy and decision-making authority over unions—through hearings before an executive board or some other body of the organization. In addition, the bill requires that intermediate union officers be directly elected by union members. Similar legislation may be introduced during the current session.

The purpose of amending the LMRDA—the only federal law that governs the relationship between labor leaders and rank-and-file union members—is to ensure that union officials are accountable to their members. Last year, the Employer-Employee Relations Subcommittee held several hearings into the degree to which union members are involved in labor negotiations as well as the level of access members have to the financial information of unions. Testimony in those hearings suggested that the democratic rights of union members have significantly eroded and that reform is necessary.

Dollars to the Classroom (H.R. 2) — The committee expects to consider H.R. 2 (similar to H.R. 3248, *H.Rept. 105-710*, which passed the House by a vote of 212-198 on September 18, 1998) to consolidate 31 federal elementary and secondary education programs and replace them with block grants to states, of which 95 percent will be earmarked for distribution to local education agencies (LEAs) in the hopes of trimming administrative costs and boosting funds spent directly on public school classrooms.

By consolidating these 31 programs, the bill completely replaces the 1994 School to Work Opportunities Act (*P.L. 103-239*), as well as portions of the 1965 Elementary and Secondary Education Act (ESEA, *P.L. 89-10*) and a great deal of the 1994 Goals 2000: Educate America Act (*P.L. 103-227*). Most of these programs are currently authorized through FY 1999. Funds in the bill will be paid to the state governor, who will distribute them to the individual or entity in the state responsible for the dissemination of federal education funds. The bill grants to states the option to continue, with the consolidated grants, the services they carried out under the programs in their current incarnation. The measure will likely be considered by June.

Education Flexibility (H.R. 800) — H.R. 800 expands "Ed-Flex," a pilot program that allows 12 states to waive laws and regulations for federal education programs, to allow all states to participate in the program. In addition, the bill authorizes the Secretary to carry out the Ed-Flex program for FYs 2000-2004.

In order to become eligible for these waivers, states must (1) have approved, or be in the process of developing, challenging content standards and performance measures; (2) hold local educational agencies (LEAs) accountable for meeting the educational goals submitted in their applications for waivers; and (3) waive state educational requirements while holding LEAs accountable for student performance. The House passed the bill by on March 11, 1999, by a vote of 330-90; the Senate passed its version on March 11, 1999, by a vote of 98-1.

Elementary and Secondary Education Act (ESEA) Reauthorization — The 1965 Elementary and Secondary Education Act (ESEA), last authorized in 1994, is set to expire during the 106th Congress. The ESEA covers so-called Title I programs, which provide funding for economically-disadvantaged students, programs to promote safe and drug-free schools, teacher training, magnet schools, education technology, bilingual education, and myriad other federal education programs. In the current fiscal year, ESEA programs are funded at $13.9 billion. The ESEA reauthorization debate will turn on directing more funds toward teacher quality, reducing the regulatory burden on local school districts, sending federal funding directly to classrooms, and elevating student performance standards.

* **School Construction.** During the ESEA reauthorization process, the committee expects to include a provision that amends the 1986 Internal Revenue Code to relax the "arbitrage rebate" rules for bonds issued to finance public school construction. Essentially, the increase allows schools to keep more of the profits resulting from sales in securities markets.

Fair Labor Standards Act Reform — The 1938 Fair Labor Standards Act (FLSA) governs payroll and scheduling practices in most workplaces in the U.S. During the 104th and 105th Congresses, several oversight hearings were held to determine how best to modernize FLSA regulations. It is widely accepted that FLSA regulations have not kept pace with technological changes. For example, employers are largely prohibited from working out flexible arrangements regarding scheduling and compensation with their employees. Moreover, employers often face costly litigation and uncertainty as a result of conflicting interpretations of the FLSA by the Labor Department and the courts.

The following are key FLSA issues the committee expects to consider:

* **Bonuses/Gainsharing.** The FLSA requires employers to include performance bonuses in an hourly-paid employee's regular rate of pay for the purposes of calculating overtime pay. Employers must divide the bonus by the number of hours the employee worked in the given pay period and add that amount to the employee's regular rate of pay. This rate must then be used to determine time-and-a-half overtime pay for the given pay period.

This requirement often discourages employers from awarding bonuses to hourly-paid employees for good performance. Executive and administrative employees, however, are not covered by the FLSA and thus are regularly awarded bonuses.

During the 105th Congress, Mr. Ballenger introduced a bill (H.R. 2710) to amend the FLSA to stipulate that an employee's regular pay rate, for purposes of calculating overtime compensation, will not be affected by additional payments to reward exceptional performance by an employee or group of employees.

* **Compensatory Time.** During the 105th Congress, Mr. Ballenger introduced the Working Families Flexibility Act (H.R. 1), which amended the FLSA to allow the private sector to use compensatory time instead of cash overtime pay, based on an agreement between the employer and the employee. (Currently, only federal, state, and local government workers have the option of taking time off instead of additional take-home pay.) The bill passed the House in March 1997 by a vote of 222-210, but was not acted on by the Senate. The committee expects to report a similar if not identical bill sometime this year.

* **Emergency Medical Service (EMS) Personnel.** The FLSA permits public employers to pay overtime compensation to firefighters and law enforcement personnel in work periods of 28 consecutive days. However, the courts have ruled that EMS personnel—despite the specialized training they receive and the level of preparedness, similar to that of firefighters and police officers, they must maintain—do not qualify for the overtime exemption. Three similar bills were introduced in the 104th Congress but were not considered by the committee.

* **Minimum Wage.** The president and the Democrats are expected to propose another increase in the minimum wage. The last increase was implemented in 1996, when Congress increased it from $4.25 per hour to $5.15 per hour. Mr. Quinn recently introduced a bill (H.R. 964) to increase the $5.15 minimum wage by one dollar over three years and tie further increases to the cost-of-living index.

* **Sales Incentive Compensation Act ("Inside Sales").** Last session, the House passed the Sales Incentive Compensation Act (H.R. 2888; *H.Rept. 105-558*) by a vote of 261-165 in June 1998; however, it was not acted on by the Senate. The bill provided an exemption from overtime requirements for certain sales people who meet stringent requirements regarding job duties, compensation structure, and minimum salary. Current law exempts those who work outside the confines of the employer's establishment, physically traveling from customer to customer; but the FLSA does not exempt sales employees who work within the employer's establishment. The committee will likely consider this issue again during the 106th Congress.

Individuals with Disabilities Education Act (IDEA) Funding — The Individuals with Disabilities Education Act (IDEA) was passed in 1975 to ensure that children with disabilities receive a free and appropriate education. Today, the federal government funds 12 percent of the IDEA mandate on states and local communities, an amount far short of the 40 percent promised when the program was enacted. Over the last three fiscal years, Congress has increased IDEA funding by $2 billion. The committee expects to continue the effort to increase the IDEA funding mandate.

Juvenile Justice Reform — The committee is expected to consider legislation to increase flexibility in the way juvenile criminals are treated during incarceration, increase funding for youth programs designed to keep potential youth criminals off the streets, and reauthorize runaway and homeless youth programs.

Occupational Safety and Health Act (OSHA) Reform — For the last four years, Congress has considered various measures to reform the 1970 Occupational Safety and Health Act. Republican proposals have, in the main, focused on (1) regulatory reforms, such as requiring outside "peer review" for the scientific and economic data used in standards; (2) promoting voluntary efforts and cooperative programs to improve safety and health; (3) redirecting penalties and enforcement toward more serious violations; and (4) consolidating federal health and safety programs. The committee expects to pass similar legislation reforming OSHA.

Office of Educational Research and Improvement (OERI) Reauthorization — The OERI, which is currently funded at $150.6 million, is an Education Department office responsible for (1) conducting research and demonstration projects; (2) collecting statistics on the status and progress of schools and the public education system at large; and (3) distributing information and providing technical assistance to legislators and educators. The authorizing vehicle for the OERI is the Goals 2000: Educate American Act (*P.L. 103-227*). The debate on OERI reauthorization will likely turn on the office's research focus, the reliability of that research, and the efficiency of OERI research facilities.

Older Americans Act (OAA) Reauthorization (H.R. 782) — H.R. 782 reauthorizes the Older Americans Act (OAA), which lapsed in 1995. The OAA covers various programs for the elderly—including home care, recreation, and nutritional services—as well as provides community service employment programs. The bill may not be considered until the second session of the 106th Congress.

Pension Reform — The committee is expected to review current pension law under the Employee Retirement Income Security Act (ERISA) and introduce legislation to reform the system. The need for pension system reform stems from the projected inadequacy of the "Baby Boom" Generation's retirement savings and the enormous administrative costs currently imposed on employers. The aim of reform proposals will be to increase participation in pension plans and reduce the cost of implementing and maintaining pension plans.

— Government Reform —

Civil Service Long-Term Care Insurance Benefit Act (H.R. 602) — The bill authorizes the creation of a program under which long-term care insurance may be obtained by federal employees and annuitants. Currently, long-term care plans are purchased on an individual basis by civil servants at their expense. This legislation will affect about 1.2 million civil servants (postal servants are not part of this legislation) and their families. The bill was introduced by Mr. Scarborough.

Federal Employees Health Care Freedom of Choice Act — Mr. Burton plans to introduce legislation to allow Medical Savings Accounts (MSAs) and a high deductible catastrophic health insurance plan to be made available to all employees under the Federal Employee Health Benefits (FEHB) Plan. An identical measure was introduced last Congress (H.R. 3166) by Mr. Burton; however, the committee did not consider the measure before adjournment.

Federal Retirement Coverage Corrections Act (H.R. 416) — Mr. Scarborough has introduced legislation to establish a process to correct problems faced by federal employees whose agencies mistakenly enroll them in the wrong retirement system. The bill permits federal employees who were mistakenly covered by either the Civil Service Retirement System (CSRS), CSRS-Offset, the Federal Employees' Retirement System (FERS), or Social Security-Only to switch to his or her proper retirement coverage—from CSRS to FERS, for example. The bill also allows federal employees mistakenly covered by either the FERS or the CSRS to retain the same coverage if they wish. This option extends to former federal employees, annuitants, and survivors, as well as employees of the Foreign Service and intelligence agencies. However, federal employees covered under the Social Security-Only option may not remain in CSRS, CSRS-Offset, or FERS. In the 105th Congress, the House passed a similar bill (H.R. 3249) by voice vote on July 20, 1998.

Government Waste, Fraud, and Error Reduction Act (H.R. 436) — On February 24, 1999, the House passed H.R. 436 by a vote of 419-1. The bill is designed reduce waste, fraud, and error in government programs by improving federal management and debt collection practices. Specifically, the bill (1) authorizes agencies to bar delinquent debtors from obtaining certain federal benefits until the debt is repaid; (2) precludes an agency from discharging a debt until it is referred to a private collection agency or until another collection activity has been undertaken; (3) promotes the sale of loans to financial institutions (there is a provision that exempts selling if it interferes with program functions); and (4) requires agencies to seize pledged assets against debtors owing more than $1 million to the federal government. The bill was introduced by Mr. Horn.

Local Census Quality Check Act (H.R. 472) — Mr. Miller (FL) has introduced a bill to re-establish Post-Census Local Review (PCLR), which allows local governments or their designees to review official census household counts in their jurisdictions before the census numbers become official and final. In 1990, PCLR allowed local governments to add 80,000 missed households to the final count. However, the Census Bureau discontinued the program, stating that it was not cost efficient and there was not enough participation.

H.R. 472 allows local governments 45 days (in 1990 localities were given only 15 days) after the completion of the non-response follow-up stage of the census to review the official housing counts. PCLR supplements the Census Bureau's planned Local Update of Census Addresses program (LUCA) to bolster and help correct the Master Address File (MAF; the final and complete list) prior to the census. The bill does not cost the federal government any money. The cities themselves decide if they want to participate (e.g., in 1990, 50 of the largest cities in America participated) and pay for it themselves. PCLR is supported by the National League of Cities and the Commerce Secretary's own 2000 Census Advisory Committee.

The Clinton Administration, which opposes the measure, argues that the Census Bureau's pre-Census programs are sufficient and there is no reason for a final audit. The bureau also claims that they can no longer make any changes to their plan despite the fact they have yet to provide Congress with a budget or a master activity schedule. The Census Subcommittee forwarded the bill to the full committee on February 11, 1999; no date for full committee markup has yet been scheduled.

Postal Reform Act (H.R. 22) — Last Congress, the Subcommittee on Postal Service reported legislation to reform the U.S. Postal Service, but Congress did not act on the measure. This omnibus legislation implements a number of reforms relating to the U.S. Postal Service's organization, general authority, finance, budget and appropriations process, postal rates, transportation and delivery of mail, and law enforcement procedures.

Presidential and Executive Office Financial Accountability Act (H.R. 437) — On February 11, 1999, the House passed H.R. 437 by a vote of 413-2. The bill establishes the position of Chief Financial Officer in the Executive Office of the President. Chief Financial Officers are responsible for overseeing all financial management activities in their agencies and report directly to the head of the agency on all financial matters. CFOs are also responsible for developing and maintaining an integrated agency accounting and financial management system, including financial reporting and internal controls. Finally, they provide guidance and oversight of financial management personnel, activities, and operations in their agencies. The bill was introduced by Mr. Horn.

Regulatory Right-to-Know — This bill promotes the public's right to be informed about the costs and benefits of federal regulatory programs and rules, increases government accountability, and improves the quality of federal regulatory programs and rules. The measure requires the Office of Management and Budget (OMB) to submit to Congress an accounting of the total costs and benefits of all regulatory programs. The report must include cumulative impacts on regulatory programs, jurisdictional overlaps, inconsistencies within regulatory programs, and possible areas for reform. In the 105th Congress, Mr. Bliley introduced an identical bill (H.R. 2840); however, the committee did not consider the measure before adjournment.

Small Business Paperwork Reduction Act Amendments (H.R. 391) — On February 11, 1999, the House passed H.R. 391 by a vote of 274-151. The bill amends the 1995 Paperwork Reduction Act (*P.L. 104-13*) to continue congressional efforts to streamline and reduce the paperwork burden on small businesses. Specifically, the bill (1) requires the Office of Management and Budget to publish an annual list of all federal paperwork requirements on small businesses; (2) allows small businesses to correct first-time paperwork violations before civil fines are assessed by government agencies; (3) requires federal agencies to create a hotline for small businesses that need answers and guidance when filling out federal paperwork; and (4) establishes a task force to study the feasibility of streamlining reporting requirements. The bill was introduced by Mr. McIntosh.

— House Administration —

Campaign Reform — The committee expects to consider campaign reform legislation some time this Congress. Last year, the House considered 11 separate reform measures as part of a broad debate before adopting the Shays-Meehan substitute by a vote of 252-179. A similar measure in the Senate (the McCain-Feingold bill) failed to surmount a filibuster led by Senator McConnell.

The Shays-Meehan substitute eliminated federal and state soft money that influences federal elections. It redefined the concept of "express advocacy," as it applies to campaign spending by independent groups and party organizations, to include radio and television communications that refer to a clearly identified federal candidate within 60 days of an election or those communications that include unmistakable support for, or opposition to, a clearly identified federal candidate outside the 60-day period. The substitute permitted only hard money to be used for express advocacy ads. The amendment required candidates to file their FEC reports electronically and required the FEC to post reports on the Internet. It clarified restrictions on fundraising on federal property and codified the Supreme Court's *Beck* decision. Finally, the substitute banned political parties from making coordinated expenditures on behalf of those candidates that do not limit their own spending to $50,000.

Capitol Security — The committee will continue to examine measures to improve the security of the Capitol complex. These improvements include (1) renovating the Capitol and congressional office buildings; (2) enhancing of the Capitol's Security Perimeter; and (3) building a Capitol Visitor's Center. The deaths last year of two Capitol Hill police officers have brought heightened attention to the safety of members, staff, and visitors. The Architect of the Capitol recently submitted plans to improve security that are being reviewed by the committee.

Committee Resolution Funding (H.Res. 101) — On March 16, the committee reported a resolution to set budget levels for House committees. In recent hearings before the committee, 19 committee chairmen requested an aggregate total of $189 million for operations over the next two years. The total requests were about nine percent higher than the allocation for the 105th Congress. Mr. Thomas offered, and the committee adopted, a substitute amendment during full committee mark-up to authorize $180 million for the committees, about a three percent overall funding increase over two years. Committees with notable increases are Judiciary with a 14.6 percent increase compared to last year, Government Reform with a 22 percent increase (including $2.4 million for the Census Subcommittee), and Education & the Workforce with a 10.6 percent increase, including $417,000 for oversight functions. Additionally, the resolution authorizes a $3 million reserve fund for committees that may be tapped only when the chairman and ranking member of a committee explain the need for the extra money.

— Intelligence —

Cox Report Declassification — In June of 1998, Congress established a Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China to investigate possible illegal technology transfers from U.S. firms to the Chinese military. Lawmakers have raised concerns regarding sensitive missile technologies that may have been passed to the People's Republic of China from American private sector companies in an attempt to better Chinese rockets launching American satellites, as well as reports of Chinese espionage at government nuclear weapons research facilities at Los Alamos. Presently, the chairman and ranking member of the select committee, Chris Cox and Norm Dicks, continue working with the White House to remove sensitive and classified material from the public version of the report. The target date for declassification of the report is March 31, 1999. If the committee and the administration cannot agree on declassifying the report, Congress may vote sometime this spring to release a version of the report to the public.

FY 2000 Intelligence Authorization Act — The committee will consider its annual authorization bill to provide funding for the intelligence activities of 12 federal agencies, including the Central Intelligence Agency (CIA), the National Security Agency (NSA), the Defense Intelligence Agency (DIA), the Federal Bureau of Investigation (FBI), and the Drug Enforcement Agency (DEA).

— International Relations —

Africa Growth and Responsibility Act (H.R. 434) — H.R. 434 authorizes a new trade and investment policy for sub-Saharan Africa to complement traditional forms of assistance. The measure establishes a series of mechanisms by which the president determines the eligibility of a specific sub-Saharan African nation to participate in U.S. economic and financial aid programs. The president determines the eligibility based on the country's adherence to human rights, its commitment to economic reform, and its reduction of tariff barriers to trade. In the 105th Congress, the House passed similar legislation (H.R. 1432; *H.Rept. 105-423, Pts. I & II*) by a vote of 233-186. The International Relations Committee reported the bill (*H.Rept. 106-19, Pt. I*) by a vote of 24-8 on February 11, 1999. The Ways & Means Trade Subcommittee reported the bill by a vote of 14-0 on February 3.

Export Administration Act — The Export Administration Act (EAA), which authorizes the president to regulate exports, including dual-use technologies, expired in 1994. In 1996, a bill to reauthorize the law passed the House but was not acted on by the Senate. The committee will also explore what aspects of the yet-to-be-released report from the Cox Select Committee on China may potentially be incorporated into a bill to reauthorize the EAA.

Mexico De-Certification — On February 26, 1999, the Clinton Administration certified to Congress that Mexico is fully cooperating with the United States in the war on drugs. Administration officials have said that denying the annual certification to Mexico—which results in a cutoff of arms sales, non-food aid, most financing by the Export-Import Bank, and mandatory U.S. opposition to loans from six multilateral development banks—will unnecessarily alienate a U.S. ally and perpetuate the notion that America is excessively heavy-handed. In addition, opponents of de-certification have expressed concern over the effect such a reprimand would have on the U.S. economy.

Many lawmakers, however, plan to back a measure to overturn the president's certification. Mr. Bachus and Mr. Shaw have filed a resolution (H.J.Res. 35) to strip Mexico of its certification. Mr. Mica is planning to introduce legislation to reform the existing certification process to create higher standards and benchmarks by which the administration and Congress will evaluate a drug-producing country's cooperation with U.S. drug interdiction efforts. Supporters of the resolution charge that 60 to 70 percent of all illegal narcotics smuggled into the U.S. are produced in Mexico. Officials from the Drug Enforcement Agency (DEA) have reported that the Mexican government is riddled with corruption, which manifests itself in declining drug seizures within Mexico.

Senators Gramm and Boxer have introduced legislation to scrap most of the current certification process, which has been in place since 1986 (*P.L. 99-570*). Their alternative will exempt from the certification process countries that have a bilateral, anti-drug agreement with the U.S. It also will require the administration to report to Congress twice a year on the progress the U.S. and each country have made in reducing narcotics production, trafficking, demand, and crime.

North Korea Missile Proliferation — By the end of March, a bill will be introduced to prevent North Korea from further developing weapons of mass destruction by (1) imposing conditions on the delivery of U.S. oil and food assistance; (2) imposing conditions on North Korea's entering into nuclear cooperation agreements; and (3) mandating the continuation of the existing U.S. embargo on North Korea. The U.S. believes that North Korea is developing an underground site to develop plutonium for use in nuclear weapons, which would constitute a direct violation of the 1994 nuclear non-proliferation accords to which North Korea agreed. In addition, the rogue nation has completed the development of Rodong missiles with a range of 1,000 kilometers and is in the process of developing longer-range Taepo Dong 1 and Taepo Dong 2 missiles, with ranges of over 1,500 kilometers and 4,000-6,000 kilometers, respectively. North Korea also has a large stockpile of chemical weapons.

Overseas Private Investment Corporation (OPIC) Reauthorization — The authorization for OPIC, which sells investment services to assist U.S. companies investing in foreign countries, expires on September 30, 1999. The Clinton Administration has proposed a four-year renewal of the program in its current incarnation; however, the committee has begun to review potential changes to OPIC's statutory provisions. The committee expects to report a reauthorization bill sometime in March.

Russia-Iran Weapons of Mass Destruction Proliferation — The committee expects to consider legislation to expand the Iran Missile Proliferation Sanctions Act (IMPSA)—a bill passed by the 105th Congress (H.R. 2709; *H.Rept. 105-375*) to sanction companies that sell missile technology to Iran—to include nuclear and biological weapons proliferation. The House passed H.R. 2709 by voice vote on November 4, 1997. The Senate passed its version of the bill by a vote of 90-4 on May 22, 1998. The House passed the conference agreement on June 9 by a vote of 392-22. However, the president vetoed the measure on June 23. The administration contended that the bill undermined the United States' ability to persuade the international community to halt technology transfers to Iran. In addition, the administration expressed concern over the effect that sanctions resulting from the bill would have on the U.S. economy. The committee will again consider this legislation and expand it to include Russia.

State Department Reauthorization — The FY 1999 Omnibus Appropriations Act (*P.L. 105-277*) authorized the State Department for FYs 1998 and 1999. The bill required a major reorganization of foreign affairs agencies, the implementation of which is still ongoing. In light of the State Department's ongoing efforts to consolidate its foreign affairs agencies, the committee intends to draft a bill to (1) modernize foreign service and overseas operations, (2) establish a database on lost and stolen passports to counter terrorist activity, and (3) streamline the disposal and management of overseas properties.

Taiwan Relations Act (TRA) — The committee may consider legislation to reaffirm that the Taiwan Relations Act (TRA) is crucial to continuing peace and stability in northeast Asia and is the cornerstone of U.S. relations with Taiwan. In addition, the bill will emphasize Congress' commitment to a peaceful resolution in determining the future of Taiwan, as well as reassert the congressional role in determining Taiwan's defensive needs.

United States-Panama Partnership — The committee may consider a measure to allow Panama to join the North American Free Trade Agreement (NAFTA) on the condition that it allow the U.S. military to maintain bases in Panama for counter-narcotics purposes after December 31, 1999—when control of the Panama Canal reverts to the Panamanian government.

— Judiciary —

Attorney Fee Awards in Class Action Suits — Lawyers connected with settlements in large-scale private litigation have recently reaped enormous attorney fees. For example, settlements reached in cases against the tobacco industry on the state level are expected to result in the payment of billions of dollars in fees to private attorneys. The committee plans to analyze whether legislation is needed to place restrictions on the right to recovery of fee awards.

Bankruptcy Reform Act (H.R. 833) — Last October, the House passed a bill to comprehensively reform the bankruptcy system (H.R. 3150, *H.Rept. 105-540*) by a vote of 306-118. The Senate passed its version of the bill by a vote of 94-2. The House passed the conference report (*H.Rept. 105-794*) of the bill by a vote of 300-125; the Senate did not pass the conference report, however. H.R. 833 initiates comprehensive reforms pertaining to consumer and business bankruptcy law and practice, and includes provisions regarding the treatment of tax claims and enhanced data collection regarding annual bankruptcy filings. The bill also establishes a separate chapter under the bankruptcy code that is devoted to the special issues and concerns presented by international insolvencies. The measure enhances protection for children and spouses of persons who file for bankruptcy by ensuring that child support and alimony payments ordered by a court are protected from discharge in bankruptcy. Such payments already are protected to a large extent; however, the measure makes them an even higher priority obligation in the hierarchy of outstanding debts to be satisfied in full by a person who files for consumer bankruptcy.

With over a million bankruptcies being filed each year, concerns about the economy's ability to absorb the magnitude of financial losses incurred have given rise to the need for legislation to address several issues related to bankruptcy, including (1) curbing the number of bankruptcy cases filed each year, especially consumer cases, (2) reforming the current system to curtail permissive provisions which encourage individuals to file for bankruptcy under Chapter 7 instead of Chapter 13, and (3) ensuring that vulnerable individuals are not harmed by the bankruptcy system, either by being forced to reorganize their debts if they have no means of paying for them or, for single parents and divorced persons, having portions of or all means of income from family support payments jeopardized if they are discharged in a bankruptcy case of the person responsible for making such payments. H.R. 833 was introduced by Mr. Gekas *et al*. on February 24, 1999.

Civil Asset Forfeiture Reform Act — Chairman Hyde may reintroduce a bill identical to H.R. 1965 (*H.Rept. 105-358, Part I*) that the committee reported on October 30, 1997, but was not considered by the House. The measure amends the federal criminal code to establish general rules for civil forfeiture proceedings. A number of federal courts have ruled that to employ the "innocent owner" defense, owners of property that has been used in a crime—such as a boat or a car—must show a lack of consent *and* a lack of knowledge. The bill stipulates that a lack of consent *or* a lack of knowledge is sufficient if the owner took reasonable steps to prevent the illegal use of the property. In addition, the measure requires the federal government to prove by a preponderance of the evidence that property used illegally is subject to forfeiture—and so must prove criminality, not merely allege it.

The bill also requires the government to make a reasonable effort to provide fair notice to owners of property soon to be forfeited. The bill increases the time for challenging any civil forfeiture proceeding to 30 days; currently, a property owner has 10 days to challenge a federal judicial forfeiture and 20 days for a federal administrative forfeiture.

Finally, the bill (1) eliminates the requirement that a property owner must pay 10 percent of the value of the seized property—the cost bond requirement—to contest an administrative forfeiture; (2) allows seized property to be released to the owner if continued possession would cause substantial hardship; (3) allows courts to appoint counsel to those who cannot afford representation; and (4) allows property owners to sue the government for negligence if the seized property is damaged or lost while in the government's possession.

Copyright Compulsory Licenses Improvement Act (H.R. 768) — The bill grants satellite carriers a five-year compulsory license (authorization for the current licenses are set to expire in December) similar to that granted to the cable industry under the 1976 Copyright Act. The measure allows satellite broadcasters to transmit local network station signals to their subscribers without requiring them to pay copyright fees on the programming. In addition, the bill eliminates the requirement under current law that cable subscribers must wait 90 days before signing up for satellite service. The bill is designed to make the broadcasting industry more competitive and create lower prices for consumers. H.R. 768 was introduced by Mr. Coble and Mr. Cannon on February 23, 1999.

The four major broadcast networks and the satellite broadcaster DirecTV recently reached an agreement on the use of distant broadcast signals. DirecTV has agreed to provide discounted antennas to subscribers who lose their signals. On June 30, subscribers living in "Grade A" areas, where the best reception is received, will lose their signals. Grade B subscribers, where reception is only "adequate," will lose their signals on December 31. Other satellite TV providers, such as PrimeTime 24 and EchoStar, did not take part in the agreement.

Department of Justice Oversight — During the 105th Congress, the House approved a bill (H.R. 3303; *H.Rept. 105-526*) to reauthorize the Justice Department, but it did not become law. Since the department has not been formally authorized in 20 years—it has been given *de facto* authorization on a yearly basis through appropriations bills—the committee intends to renew the effort to formally authorize the department.

Drug Interdiction Oversight — The Subcommittee on Crime will continue its review of the U.S. drug interdiction effort. The Western Hemisphere Drug Elimination Act (*P.L. 105-277*), which was passed during the 105th Congress, augmented federal law enforcement's ability to reduce drug trafficking. The subcommittee will focus its attention on the eastern Caribbean transit zone, where recent evidence suggests trafficking has increased substantially.

Government-Sponsored Private Tort Litigation — In recent years, federal, state, and local governments have been involved in private suits against various alleged tortfeasors for the recovery of damages to citizens in their respective jurisdictions. The committee will consider, in the first place, the appropriateness of such activity and, if so, whether procedural and substantive rules should be imposed in those cases to protect the rights of both the defendants and the citizens on whose behalf the cases are brought.

Independent Counsel Reauthorization — The committee intends to examine the relationship between independent counsels and the Attorney General. The review will include consideration of the conflicts raised by assertions of privilege against independent counsels' investigative requests. Independent Counsel Kenneth Starr's investigation of President Clinton and the president's subsequent impeachment have raised concerns over the seemingly unlimited budget and scope of the Office of Independent Counsel (OIC). On the other hand, the ability of the Justice Department to investigate the executive office, under whose rubric the OIC falls, has also been called into question. The vote to reauthorize and/or modify the Independent Counsel statute, which expires on June 30, 1999, will be held this year.

Legal Services Corporation (LSC) — The LSC, which provides federal grants to entities that provide legal services to the poor, has invariably been the subject of contention. This is largely due to the LSC's tendency to champion partisan causes—such as expanding welfare entitlements and alleging prison overcrowding—that are ostensibly unrelated to the program's core mission. Congress has not authorized the program since 1978. This year, the Subcommittee on Commercial and Administrative Law is expected to continue the effort to reauthorize the LSC.

Madrid Protocol Implementation Act (H.R. 769) — The bill amends the 1946 Trademark Act to implement the Madrid Protocol, a proposed international agreement on the protection of trademarks. The 1996 agreement creates an international trademark registration system to be administered by the World International Property Organization. Under the protocol, businesses from member countries will file a single application and pay one fee to have a trademark registered in each country belonging to the pact. Most small businesses support the measure, given the high costs of worldwide trademark protection.

However, the U.S. has refused to sign the agreement because of a conflict over how many votes each country will have in the assembly created by the treaty. The bill was introduced by Mr. Coble on February 23, 1999.

Nursing Relief for Disadvantaged Areas (H.R. 441) — H.R. 441 permanently authorizes a program, known as H-1A, that grants special temporary work visas for foreign nurses to work in poor rural and urban areas. The program expired last fall. Specifically, the measure grants 500 temporary non-immigrant visas each year to allow foreign nurses to work in understaffed offices. To assuage the concerns of those who contend that the program eliminates jobs for American nurses, the bill requires hospitals to prove they have exhausted all attempts to recruit and retain domestic nurses before they can participate in the H-1A program. The bill was introduced by Mr. Rush and Mr. Hyde on February 2, 1999.

Security and Freedom Through Encryption (SAFE) Act (H.R. 850) — The bill amends current law to affirm the right of U.S. citizens to use and sell encryption and to relax export controls on encryption. Electronic and wire communications, as well as electrically stored information, is "encrypted," scrambled by mathematical formulas or algorithms in order to preserve confidentiality and prevent unauthorized access. The measure prohibits the federal government and states from requiring that a so-called "key"—the means to decrypt wire communications or electronically stored information—be (1) built into computer hardware or software, (2) provided to the federal government or states, or (3) retained by the manufacturer of the software; however, this provision does not apply to law enforcement entities or to the intelligence community.

If encryption is used for criminal purposes, the bill establishes a prison term of up to five years and a fine for a first offense and up to 10 years and a fine for a second offense. The measure, however, stipulates that the use of encryption is not sufficient for establishing probable cause to obtain a search warrant. Finally, the bill amends the 1970 Export Administration Act to lift the export license requirement—after a one-time, 15-day technical review by the Commerce Secretary—on commercially available encryption devices. The bill was introduced by Mr. Goodlatte on February 25, 1999.

Structural Alternatives for U.S Court of Appeals — In the 105th Congress, the House passed a bill (H.R. 908) that authorized a one-year study of the increasing caseloads of federal circuit courts, in particular the Ninth Circuit which has jurisdiction over most Western states. The commission has completed its work and has recommended that the Ninth Circuit be restructured into regional divisions. The Subcommittee on Courts and Intellectual Property will hold hearings into whether the Ninth Circuit should serve as a paradigm for making circuit courts' caseloads more manageable, as well as other possible legislative solutions.

Tax Limitation Amendment — Mr. Barton plans to introduce a Constitutional Amendment to require a two-thirds "supermajority" vote of both chambers of Congress to raise taxes. The amendment covers income taxes, estate and gift taxes, payroll taxes, and excise taxes. Tariffs, user fees, and voluntary premiums, as well as items that are not part of internal revenue laws are not included. The supermajority requirement may be waived when a declaration of war is in effect and when the U.S. is engaged in military conflict that constitutes an imminent threat to national security. Any increases enacted under a waiver will be effective no longer than two years.

Year 2000 Readiness and Responsibility Act (H.R. 775) — Mr. Davis (VA) introduced H.R. 775 with broad, bipartisan support on February 23, 1999. At present, businesses are attempting to correct potential computer malfunctions related to the Year 2000 problem. However, such efforts are being painstakingly scrutinized by corporate legal divisions for fear of incurring liability for systems that software engineers attempt to fix. For small businesses, the fear of litigation is particularly acute, given their considerably smaller stores of capital (relative to large employers).

The measure provides a brief grace period during which businesses may fix Y2K computer problems before lawsuits may be filed. In addition, the bill encourages disputing parties to settle outside of the court system through alternative dispute resolution. H.R. 775 also provides small businesses and entrepreneurs access to loans to pay for Year 2000 remediation. The bill will likely be considered by the end of May.

— Resources —

American Land Sovereignty Protection Act (H.R. 883) — The Resources Committee may consider legislation passed by the House in the 105th Congress (H.R. 901; *H.Rept. 105-245*) by a vote of 236-191. H.R. 883 requires congressional approval of international land designations (i.e., designating land as a World Heritage site or Biosphere Reserve) by the executive branch. World Heritage areas are natural sites or cultural monuments recognized by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Proponents of the bill argue that allowing the administration to arbitrarily nominate and designate land further centralizes land-use policy-making authority in the executive branch, thereby diminishing public participation in the process. Opponents counter that the bill threatens continued U.S. participation in international efforts to protect and preserve valuable lands throughout the world. Currently, the U.S. has 20 World Heritage Sites, including the Statue of Liberty and Independence Hall, and 47 Biosphere Reserves. Private land owners are concerned about decreasing property value when part of their land or adjoining land falls under the strict land-use requirements of UNESCO. The committee will hold a hearing on the measure on March 18.

Conservation and Reinvestment Act (H.R. 701) — The Resources Committee may consider legislation introduced by Chairman Young to create a fund to distribute royalties collected from outer continental shelf (OCS) oil and gas operations to states, the federal government, and local communities for various environmental improvement activities. The measure attempts to resolve the inequity of oil and gas revenue distribution while reinvesting funds for important conservation and recreation programs. Specifically, the measure (1) creates a revenue sharing fund for coastal states and eligible local governments to mitigate the various impacts of OCS activities; (2) guarantees stable and annual funding for the Land and Water Conservation Fund (LWCF) at its authorized $900 million level; and (3) authorizes funding for important recreation projects through the Urban Parks and Recreation Recovery Program (UPARR). OCS revenues currently generate approximately $4 billion each year. The committee recently held a series of hearings on the bill.

Endangered Species Act (ESA) — The 1973 ESA (*P.L. 93-205*) established the legal means to protect plants, animals, and their habitats that are classified as "endangered" or "threatened." Currently, the 1,530 species that are listed as endangered or threatened are protected by federal law from human-caused decline while the Interior Department develops and implements population recovery plans. Though authorization for the ESA expired on October 1, 1992, Congress has continued to appropriate funds for ESA enforcement programs. Although the Resources Committee did not consider a reauthorization bill in the 105th Congress, it continued its oversight hearings on the ESA. As Congress attempts to reauthorize the law, major issues include (1) the credibility of the science used to list species; (2) greater inclusion of states and local governments in ESA decision making; (3) protecting the rights of private property owners; (4) ensuring that the goals of the ESA are reached through greater landowner incentives; (5) determining whether the recovery goals of the ESA are being achieved; (6) ensuring that the ESA does not impede other important laws and missions, particularly those designed to protect public health and safety, ensuring greater public involvement, and greater consideration of socio-economic impacts.

Forest Health — The committee may consider a number of measures to improve forest health. According to the Chief of the U.S. Forest Service, between 35 and 40 million of the 191 million acres of federal forest lands managed by the Forest Service face an unacceptable risk of destruction by catastrophic wildfire. Under present policies, however, only one million acres per year are being treated to lessen fuel loads and reduce that risk. The condition of these forests can pose a significant threat of destruction to human life and property as well as fish and wildlife habitats, public recreation areas, timber, watersheds, as well as other important forest resources. Forest Health Subcommittee Chairwoman Chenoweth is expected to introduce legislation soon to allow the U.S. Forest Service and the Bureau of Land Management (BLM) to issue timber sale contracts in the urban/wildland interface near communities and homes to reduce hazardous wildfire fuel buildup. The measure authorizes the Forest Service and the BLM to use revenue generated from these sales to reduce noncommercial fuels buildup and conduct other forest management projects in the sale area to improve forest health, wildlife and fish habitat, riparian areas, streams and water quality, or achieve other forest objectives. Finally, Mrs. Chenoweth is expected to introduce legislation allowing for a more consistent use of the expedited processes under the National Environmental Policy Act in cases involving forest health emergencies.

Historic Preservation Fund (HPF) — The committee is expected to again consider legislation to reauthorize the HPF. Last year, the House passed legislation (H.R. 1522; *H.Rept. 105-484*) by voice vote; however, it was not enacted before adjournment. The HPF, established within the U.S. Treasury and administered by the National Park Service, is a federal matching grant program (funded on a 60 percent matching share basis) that encourages private and non-federal investment in historic preservation efforts by providing grants to states, territories, Indian tribes, and to the National Trust for Historic Preservation to assist their efforts to protect and preserve properties listed in the National Register of Historic Places. HPF grants serve as a catalyst and "seed money" to protect and preserve historic American sites, buildings, and objects of significant cultural heritage. Funding is most often used to subsidize the costs of surveys and statewide historic preservation plans, as well as prepare National Register nominations, architectural plans, historic structure reports, and engineering studies.

National Parks — The financial management of the National Park Service (NPS) budget is an ongoing issue, yet remains an important oversight priority for the Subcommittee on National Parks and Public Lands. The NPS budget has increased far in excess of inflation in recent years (52 percent above inflation from 1980-1995), and the number of park personnel has increased 22 percent in the last decade, while visitation has remained flat or had only modest increases. At the same time, visitor services and access are being curtailed and key park resources are allegedly at risk or deteriorating. There are repeated stories in the media and from the administration about shortfalls in park funding. Furthermore, overspending on the construction of lavish NPS facilities has become legendary.

Congress has tried to address this concern by enacting the Fee Demonstration Program to allow the NPS to keep increased fees and also has examined other programs to raise funds for the agency. The General Accounting Office (GAO) and Interior Department's Inspector General have both testified in the past that the NPS had no process in place to ensure that its funds were allocated to the highest priority needs. Currently, the NPS is examining the results of ongoing work by the GAO about the NPS budget and priority-setting process. The refocusing of budget priorities is largely a function of agency adherence to and implementation of the Government Performance and Results Act. The Subcommittee on National Parks and Public Lands will examine how the NPS is setting priorities, spending money, and whether the agency is accomplishing established goals.

Neotropical Migratory Bird Conservation Act (H.R. 39) — H.R. 39 creates a Neotropical Migratory Bird Conservation Account as a separate entity within the Multinational Species Conservation Fund to help formulate an effective international plan to assist in conserving neotropical migratory birds. The measure authorizes up to $8 million for the account each year until September 30, 2004. The bill is modeled after successful conservation efforts to assist African and Asian elephants, rhinoceroses, and tigers. The committee approved the measure by voice vote on March 17.

Reauthorization of Various Conservation Laws — The Resources Committee may consider legislation to reauthorize a number of conservation laws and environmental initiatives. They include the following:

* **Atlantic Striped Bass Conservation Act** — The 1984 Atlantic Striped Bass Conservation Act (ASBCA; *P.L. 98-613*) requires that states implement conservation measures that are consistent with interstate fishery management plans adopted by the Atlantic States Marine Fisheries Commission. In the past 15 years, the resurgence of Atlantic striped bass has been a major fishery management success. Congress has maintained that the best way to ensure an abundance of striped bass is to continue the regular and comprehensive population assessments and studies financed by the law. The current authorization for the ASBCA expires on September 30, 2000.

* **Coastal Barrier Resources System** — The 1982 Coastal Barrier Resources Act (*P.L. 97-348*) ended federal financial assistance on undeveloped coastal barriers included in the Coastal Barrier Resources System. Inclusion in the system does not prevent private development, but restricts the use of federal funds for flood insurance, highway construction, and water and sewer grants. During the 104th and 105th Congresses, legislation was enacted that removed certain coastal barrier lands in Florida, New York, and South Carolina that were incorrectly incorporated within the system. Legislation may be introduced during the next two years to remove additional lands in Delaware, Florida, and South Carolina from the system. The Subcommittee on Fisheries Conservation, Wildlife, and Oceans will examine the merits of each of these proposals and may consider legislation to reauthorize or amend the original underlying law.

* **Coastal Zone Management Act (CZMA)** — Enacted in 1972, the CZMA (*P.L. 92-583*) encourages states to regulate land and water uses that affect their coastal zones. While the program is voluntary, states receive grant money to develop a plan that, when approved by the NOAA, makes them eligible for further federal assistance to help manage their coastal programs. In 1996, the Congress enacted the Coastal Zone Protection Act (*P.L. 104-150*), which reauthorized CZMA funding programs until September 30, 1999. The committee intends to hold hearings on the law before it considers reauthorization legislation. The Subcommittee on Fisheries Conservation, Wildlife, and Oceans is scheduled to mark up the measure on March 18.

* **Magnuson-Stevens Fishery Conservation and Management Act** — The law provides a national program to conserve and manage the nation's marine fishery resources

within the 200-mile Exclusive Economic Zone. The law established eight Regional Fishery Management Councils that have primary responsibility for managing the fishery resources outside state waters. During the 104th Congress, lawmakers enacted legislation (*P.L. 104-297*) to improve and extend the authorization for the Magnuson Act through September 30, 1999. The Subcommittee on Fisheries Conservation, Wildlife, and Oceans is expected to conduct several public hearings on a range of issues including: (1) the definition of essential fish habitat, (2) fishing vessel safety, (3) the role of Regional Fishery Management Councils, (4) state jurisdiction over the dungeness crab fishery, and (5) size restrictions for fishing vessels.

* **Marine Mammal Protection Act (MMPA)** — The MMPA (*P.L. 92-522*) was enacted in 1972 to ensure that marine mammals are maintained at, or in some cases restored to, healthy population levels. The law governs a variety of subjects including public display, scientific research, subsistence use of marine mammals, and the incidental take of marine mammals during commercial fishing operations. In 1994, Congress enacted the Marine Mammal Protection Act Amendments (*P.L. 103-238*), which reauthorized federal funding for the MMPA until September 30, 1999, and made a number of significant changes. The Subcommittee on Fisheries Conservation, Wildlife, and Oceans will conduct oversight hearings during the 106th Congress on the effectiveness of the MMPA and evaluate possible changes as the committee takes up a reauthorization bill.

* **National Fish and Wildlife Foundation Establishment Act —** The committee is expected to consider legislation to reauthorize the National Fish and Wildlife Foundation. In 1998, the committee reported legislation (H.R. 2376; *H. Rept. 105-483*) to reauthorize the organization through FY 2000 and expand the mandate of the organization; however, the House did not consider the measure before adjournment. The foundation, which was established as a nonprofit corporation, was created to encourage, accept, and administer private gifts of property for the benefit of the U.S. Fish and Wildlife Service and to conduct activities to further the conservation and management of the fish, wildlife, and plant resources of the United States.

* **National Marine Sanctuaries Program** — The 1972 National Marine Sanctuaries Act authorizes the Commerce Secretary to designate areas of the marine environment with nationally significant aesthetic, ecological, historical, or recreational values as National Marine Sanctuaries. The primary objective of this law is to protect marine resources, such as coral reefs, sunken historical vessels, or unique habitats, while allowing all compatible public and private uses of these resources. During the 104th Congress, lawmakers enacted legislation (*P.L. 104-283*) to reauthorize the law until September 30, 1999. During the 106th Congress, the Subcommittee on Fisheries Conservation, Wildlife, and Oceans will hold hearings on the law before it considers reauthorization legislation.

— Science —

Commercial Space Launch Act Amendments — The 1984 Commercial Space Launch Act authorizes the Transportation Secretary to license commercial space launch vehicles. The committee expects to report a bill to update these authorities.

FAA Research and Development Authorization Act — The committee expects to consider legislation to authorize funding for the Federal Aviation Administration (FAA) to carry out its research, engineering, and development programs. These FAA programs conduct projects and activities intended to improve the national air traffic control system by increasing its safety, security, capacity, and productivity. The programs also oversee human factors research, aviation medical research, environmental research to mitigate aircraft noise and engine emissions, and airway facilities maintenance. The president has requested $206 million for these programs.

— Small Business —

Contract "Bundling" — The committee expects to consider legislation sometime this spring to address the "bundling" of government requirements—i.e., the consolidation of two or more contracts for supplies, services, or construction in such a manner that it precludes small businesses from competition.

National Small Business Regulatory Assistance Act (H.R. 296). The committee plans to consider a measure to amend the Small Business Act to require the Environmental Protection Agency (EPA), the Internal Revenue Service (IRS), the Labor Department, the Office of Small Business Development Centers (OSBDC) and representatives of small business associations to agree to a regulatory compliance assistance plan. The OSBDC must develop and publish guidelines for the plan. The measure was introduced by Mr. Sweeney on January 6, 1999.

Paperwork Elimination Act (H.R. 439) — On February 9, 1999, the House passed H.R. 439 (*H.Rept. 106-11, Pt. I*) by voice vote. The bill amends the 1995 Paperwork Reduction Act (*P.L. 104-13*) to require the federal government, when it collects information from the public, to permit that information to be transmitted electronically. In addition, the bill requires the Office of Management and Budget (OMB) to ensure that all federal agencies make necessary changes to facilitate electronic communications. H.R. 439 requires OMB to provide regular reports on the progress of federal agency efforts to establish electronic facilities. The bill intends to advance the use of non-paper-dependent information technologies, thereby decreasing the burden of paperwork demands by the federal government. The bill is particularly directed toward small businesses, educational and non-profit organizations, individuals, federal contractors, state and local governments, and others who must comply with government paperwork mandates, such as filing employment or tax forms.

Regulatory Reform — The committee will focus on moving toward a more flexible and less burdensome regulatory system to help small businesses expand and grow. It will continue to hold hearings on the impact of federal regulations as well as continue oversight of agency compliance with the Small Business Regulatory Enforcement Fairness Act (*P.L. 104-121*), which requires regulatory flexibility analyses of major regulations that impact small businesses (over $100 million in costs).

Small Business Administration Equal Representation Act (H.R. 536) — The Small Business Committee is scheduled to mark up a bill on March 18 to amend the Small Business Act to require the Small Business Administration (SBA) to establish a regional or branch office in each state.

Small Business Y2K Readiness Act (S. 314) — The bill amends the Small Business Act to authorize the Small Business Administration (SBA) to (1) guarantee loans for small businesses to correct problems associated with the Y2K computer problem, including repair, consulting, and other expenses, and (2) provide relief to small businesses for economic injuries incurred because of the Y2K problem. Finally, the measure requires the SBA to submit an annual report to Congress on the loan guarantee program. The measure passed the Senate by a vote of 99-0 on March 3, 1999.

— Transportation & Infrastructure —

Airline Passenger Bill of Rights (H.R. 700) — Chairman Shuster recently introduced legislation to grant airline passengers a number of protections when dealing with the airline industry. The legislation is designed to encourage better service and make the airlines more responsible to their passengers. Specifically, the measure requires airlines to compensate passengers stuck on runways for two or more hours. The bill also provides consumers with additional information in dealing with the industry, requiring airlines to (1) explain why flights have been canceled or delayed, and (2) inform passengers how many seats are available for use by those redeeming frequent flyer awards. According to the Transportation Department, the number of passenger complaints per 100,000 passengers boarding was 26 percent higher in 1998 than the previous year. The Aviation Subcommittee will begin a series of hearings on the bill on March 10.

Aviation Investment & Reform Act for the 21st Century (H.R. 1000) — Chairman Shuster recently introduced comprehensive legislation to reauthorize and reform the Federal Aviation Administration, as well as remove the Aviation trust fund from federal budget calculations (i.e., take it "off-budget"). In addition to these measures, the bill focuses on increasing airport security and increasing airline competition. Specifically, the measure eliminates slots at O'Hare, La Guardia, and JFK airports by March 1, 2000. At Reagan National, the bill authorizes the Transportation Secretary to issue six additional slot exemptions (arrival and departure spaces) per day for service to underserved airports and markets. The Transportation Committee reported the measure by voice vote on March 11.

Last year, the House passed a comprehensive FAA reauthorization measure (H.R. 4057; *H.Rept. 105-639*); however, it was not enacted into law. The Senate's FAA reauthorization bill (S. 2279; *S.Rept. 105-278*) in the 105th Congress included a number of contentious measures regarding airline competition. For example, the Senate bill authorized additional slot exemptions at Reagan National, O'Hare, Kennedy, and La Guardia airports—the only four U.S. urban airports with restrictions on takeoffs and landings. The House Transportation Committee also reported legislation (H.R. 2748; *H.Rept. 105-822, Pt. I*) last year to add slots at the four airports; however, the House did not consider the measure before adjournment. Because of the impasse over these measures, Congress included a short-term FAA extension (through March 31, 1999) in the FY 1999 Omnibus Appropriations Act (*P.L. 105-277*).

Earlier this year, the House passed legislation (H.R. 99; *H.Rept. 106-2*) to reauthorize the FAA through September 30, 1999. In addition, the Senate Commerce, Science, and Transportation Committee—led by Chairman McCain—recently reported legislation (S. 82) to reauthorize the FAA for two additional years, and again included many airline competition measures that have engendered strong disagreement. S. 82 adds 48 daily flights at Reagan National, including 24 beyond the current 1,250-mile limit. Although the measure did not add slots at the three other restricted flight airports, the Clinton administration recently proposed dropping limits at those airports—O'Hare, Kennedy, and La Guardia—within five years. The administration did not address the flight restrictions at Reagan National, saying this was a matter for Congress to settle. These issues are expected to be the subject of contentious debate as the FAA authorization nears its March 31, 1999, authorization deadline.

Coast Guard Authorization (H.R. 820) — On March 17, the House passed legislation (H.R. 820) to reauthorize funding for the Coast Guard. Specifically, the measure authorizes $4.6 billion for FY 2000 and $4.8 billion for FY 2001. The 105th Congress reauthorized funding for the operations of the United States Coast Guard (USCG) through FY 1999 (*P.L. 105-383*). In addition, the House passed legislation (H.R. 819) by a vote of 403-3 to extend the Federal Maritime Commission (FMC), authorizing $15.7 million for FY 2000 and $16.3 million for FY 2001.

Disaster Mitigation and Cost Reduction Act (H.R. 707) — The House recently passed legislation to amend the 1988 Robert T. Stafford Disaster Relief and Emergency Assistance Act by a vote of 415-2. The measure authorizes $25 million for FY 1999 and $80 million for FY 2000 to help states to prepare for and mitigate natural disasters and emergencies. The purpose of the legislation is to (1) reduce the loss of life and property, human suffering, economic disruption, and disaster assistance costs resulting from natural hazards; and (2) provide a source of predisaster hazard mitigation funding to assist state and local governments in implementing effective mitigation measures that are designed to ensure the continued functioning of critical facilities and public infrastructure after a natural disaster. H.R. 707 was introduced by Mrs. Fowler *et al.*; last year, the Transportation Committee reported similar legislation (H.R. 3869; *H.Rept. 105-682*) by voice vote.

Federal Railroad Administration — The authorization for the federal railroad safety laws expired in 1998. As such, the Transportation Committee is expected to consider legislation to reauthorize the Federal Railroad Administration (FRA) this year. The FRA is charged with ensuring the safety of our nation's 700 railroads, including the regulation and inspection of 220,000 miles of track and more than 1.2 million cars and locomotives. The FRA administers federal railroad safety laws that address railroad operating practices and the safety of equipment for freight, passenger, and commuter railroads. In addition, the FRA oversees compliance with various laws and regulations that protect America's 200,000 railroad workers, such as limitations on working hours, the proper training and certification of railroad engineers, and drug and alcohol testing programs for rail personnel in safety-sensitive positions.

Hazardous Materials (HAZMAT) Transportation Program Reauthorization (H.R. 968) — The Transportation Committee will consider legislation to reauthorize the HAZMAT program—which governs the transportation of hazardous materials via highway, water, rail, and air. The reauthorization will likely address issues such as the Department of Transportation's authority to open packages during roadside inspections, continued funding for uniform state programs for registrations and permits, as well as the promulgation of new propane gas regulations.

Pipeline Safety — In the 104th Congress, lawmakers enacted legislation (*P.L. 104-304*) to reauthorize the Transportation Department's pipeline safety program through FY 2000.
The Office of Pipeline Safety has regulatory authority over approximately two million miles of natural gas pipelines and nearly 200,000 miles of hazardous liquid pipelines. The Subcommittee on Economic Development, Public Buildings, Hazardous Materials, and Pipeline Transportation is expected to hold a series of oversight hearings on the issue this year to prepare to consider reauthorization legislation in the second session of this Congress.

Superfund Reauthorization and Reform — Superfund is a hazardous waste cleanup program that is funded through chemical excise and corporate environmental income taxes. The fund pays for cleanup of hazardous chemicals that have been released into the ground and water where no party is found liable. Although many parties are potentially responsible for paying cleanup costs, identifying liable parties has led to an endless flow of litigation. With so much money at stake, many companies would rather incur the legal expense to avoid payment. Although the authority to tax expired in 1995, the Congressional Budget Office estimates that current funds will last until sometime in FY 2000. The Transportation Committee will consider a number of issues, including (1) how to determine liability; (2) increasing the amount of state authority over cleanups; (3) increasing incentives for voluntary cleanup; (4) determining how much funds should be allocated for cleanup of non-Superfund, urban areas that have potential for development, also known as “brownfield” sites; and (5) reauthorizing the tax that supports the trust fund. During the 105th Congress, the Senate Environment and Public Works Committee reported a comprehensive reform bill (S. 8; *S.Rept. 105-192*) and the House Transportation Subcommittee on Water Resources approved another (H.R. 2727); however, no further congressional action was taken.

Surface Transportation Board Reauthorization — During the 104th Congress, lawmakers created the Surface Transportation Board (STB; *P.L. 104-88*) to replace the Interstate Commerce Commission. The board has jurisdiction over interstate surface transportation modes such as railroads, trucking, water carriers, freight forwarders, and transportation brokers. The Transportation Committee will consider the first reauthorization of the STB this year. The Ground Transportation Subcommittee held a number of hearings on the issue last year; reauthorization legislation is expected to be ready for floor consideration by late summer or early fall.

Transportation Equity Act (TEA-21) Oversight — Last year, Congress enacted a comprehensive six-year reauthorization (*P.L. 105-178*) to fund the nation’s highway, transit, surface transportation research, highway safety, and motor carrier safety programs. The Subcommittee on Ground Transportation will review and may hold hearings on the Transportation Department’s implementation of the law.

War Risk Insurance Reauthorization Act — On February 3, the House passed legislation (H.R. 98; *H.Rept. 106-3*) by a vote of 407-1 to reauthorize the War Risk Insurance program through December 31, 2003. Under this program, the government provides insurance to airlines that fly into war zones where their commercial policies will not cover them. The insurance is provided only when the president determines that doing so is in the national interest. The program was used extensively during the Persian Gulf War to insure airlines that were carrying troops and supplies to the Middle East. The House passed a similar measure last year (H.R. 4058; *H.Rept. 105-632*); however, it was not enacted into law before adjournment. A short-term extension (through March 31, 1999) was included in the FY 1999 Omnibus Appropriations Act.

Water Resources Development Act (WRDA) — The Water Resources Subcommittee has held a number of hearings on reauthorizing WRDA last year; however, the committee did not report a bill before adjournment. WRDA, which provides policy directives and authorizes the Army Corps of Engineers’ civil works program, is the nation’s largest water resources program, involving the Corps in navigation, flood control, shore protection and streambank erosion control, hydroelectric power, recreation, water supply and quality management, and environmental restoration and protection. The committee expects to act on a WRDA bill sometime later this spring.

Wetlands Mitigation Banking — The committee may consider legislation to amend the Clean Water Act. Such a measure may authorize the Army Corps of Engineers to establish, use, and operate mitigation banks as a tool to meet compensatory mitigation requirements under the section 404 wetlands permit program and help restore and improve the nation’s wetlands. Last year, the Water Resources and Environment Subcommittee reported legislation (H.R. 1290) on this issue by a vote of 24-10; however, the full committee did not consider the bill before adjournment.

— Veterans' Affairs —

Annual Veterans Legislation — The Veterans' Affairs Committee will consider several agenda items on its annual calendar. Specifically, the committee will consider legislation to authorize a cost-of-living adjustment (COLA) for veterans for FY 2000, as well as a bill to authorize major VA construction projects around the country. Both of these issues will likely be considered later in the year.

Burials at Arlington National Cemetery (H.R. 70) — In the 105th Congress, the Veterans' Affairs Subcommittee on Oversight and Investigations conducted an investigation into the administration waiving eligibility regulations for burial at Arlington National Cemetery. Investigators discovered serious inconsistencies in the burial waivers granted, including the interment of a former ambassador and major political contributor who later was found to have lied about his World War II service. These findings gave rise to the perception that political influence may have been used to obtain burial at Arlington National Cemetery.

H.R. 70 strengthens existing burial eligibility requirements and codifies much of the existing Army burial regulations at Arlington National Cemetery. The bill eliminates automatic eligibility for members of Congress, cabinet officers, and ambassadors who do not otherwise meet eligibility requirements. In addition, the legislation (1) allows certain close family members of eligible veterans to be buried in the same grave without the need for a waiver; (2) codifies existing regulations that allow the cremated remains of any veteran with an honorable discharge to be interred in the Arlington Cemetery Columbarium; and (3) clarifies that only memorials honoring military service may be placed at Arlington in the future. The bill was introduced by Mr. Stump and is expected to be ready for floor consideration sometime in March. The House passed similar legislation last Congress (H.R. 3211; *H.Rept. 105-458*) by a vote of 412-0; however, the Senate did not act on the measure before adjournment. The committee is scheduled to mark up the bill on March 18.

Court of Appeals for Veterans Claims Act (H.R. 605) — H.R. 605 makes a number of changes to improve the internal operation of the U.S. Court of Appeals for Veterans Claims. The measure (1) outlines procedures to recall retired judges to service to assist in the operation of the court; (2) prescribes the rates of pay for certain retired judges, and the conditions of eligibility for increases in retired pay; (3) authorizes early retirement of one judge per year for the years 1999 through 2003 to eliminate the potential for *en masse* retirements; (4) establishes procedures for an orderly replacement of current judges; and (5) specifies the computation of reduced retired pay for judges who retire early. Similar provisions were included in legislation the House passed last year (H.R. 4110; *H.Rept. 105-627*) by voice vote; however, these provisions were not included in an omnibus veterans' bill enacted late last year (*P.L. 105-368*). The bill was introduced by Messrs. Stump and Evans; the committee expects to consider the legislation sometime this summer.

Health Status of Persian Gulf War Veterans — The committee will continue to examine the government's response to certain Persian Gulf War veterans who have experienced a wide range of health problems. Although these problems are collectively referred to as Persian Gulf Syndrome, experts who have examined the available medical data do not believe that veterans are suffering from a single illness. Instead, experts hypothesize that veterans are suffering from a variety of illnesses, the cause or causes of which are yet unknown. In the 105th Congress, lawmakers enacted legislation (*P.L. 105-368*) to extend—through December 31, 2001— the VA's special authority to provide care to Persian Gulf War (PGW) veterans and elevate their level of priority for access to VA health care. In addition, the law calls for the National

Academy of Sciences (NAS) to study the possible connection between certain illnesses and service in the Persian Gulf War. Finally, the law established priority VA health care enrollment to treat illnesses connected to a veteran's service in any combat period after the Vietnam War or any future combat service.

Veterans Tobacco Trust Fund (H.R. 691) — In his recent State of the Union address, the president announced his intention to authorize the Justice Department to bring suit against tobacco product manufacturers to recover costs incurred by federal government health-care programs (similar to the suits brought by many states). While the VA health care system is spending $3 billion annually caring for veterans' smoking-related illnesses, the Clinton Administration has yet to commit to providing any recovered funds from this lawsuit for veterans' health care. Mr. Stearns recently introduced legislation (H.R. 691) to ensure that the VA receives a proportional amount of any funds recovered under such a federal suit. The bill establishes a trust fund for any recovered funds and dedicates such funds to VA medical care and research.

Veterans Transition Assistance (H.R. 606) — In 1996, Congress established a commission to study programs designed to help with readjustment problems encountered by personnel reentering civilian life after military service. Under current law, various federal agencies, among them the Departments of Veterans Affairs, Defense, and Labor, and the Small Business Administration, administer programs to assist military personnel in their transition from active duty to civilian life. Programs include education assistance, job training, vocational rehabilitation (for disabled veterans), job placement and counseling, home loans, and small business consultations.

Earlier this year, the Congressional Commission on Servicemembers and Veterans Transition Assistance submitted its report. The commission's review of benefits and services is the most comprehensive since the Bradley Commission in 1956. The commission found that, in some cases, benefits and services have become so outdated—and program management so ineffective—that they "break the faith with those who served, and currently serve, their nation in uniform." The commission made more than 100 recommendations, including addressing issues such as education (e.g., enhancing the Montgomery GI Bill), employment, health care, economic equity, and organizational structure. H.R. 606, which was introduced by Messrs. Stump and Evans, includes many of the recommendations proposed by the commission. The committee has not yet scheduled a time for consideration of the bill.

— Ways & Means —

Africa Growth and Responsibility Act (H.R. 434) — H.R. 434 authorizes a new trade and investment policy for sub-Saharan Africa to complement traditional forms of assistance. The measure establishes a series of mechanisms by which the president determines the eligibility of a specific sub-Saharan African nation to participate in U.S. economic and financial aid programs. The president determines the eligibility based on the country's adherence to human rights, its commitment to economic reform, and its reduction of tariff barriers to trade. Supporters of the legislation believe a strong trade and investment relationship between the U.S. and the countries of sub-Saharan Africa will reduce poverty and expand economic opportunity so that African nations can ensure their own stability and security. In the 105th Congress, the House passed similar legislation (H.R. 1432; *H.Rept. 105-423, Pts. I & II*) by a vote of 233-186. The International Relations Committee reported the bill (*H.Rept. 106-19, Pt. I*) by a vote of 24-8 on February 11, 1999. The Ways & Means Trade Subcommittee reported the bill by a vote of 14-0 on February 3.

Community Renewal (H.R. 815) — Mr. Watts and Mr. Talent recently introduced the American Community Renewal Act, a measure to create jobs, stimulate investment, expand educational opportunities, and assist families in impoverished neighborhoods. The bill establishes criteria to allow impoverished neighborhoods to become "renewal communities," thereby qualifying for tax and regulatory relief, school choice programs, and expanded home ownership opportunities. The bill aims to be a first step at rebuilding low-income communities through the cooperation of state and local governments, educational and religious organizations, and the aid of private philanthropy. Jurisdiction on the bill is shared among the Ways & Means, Commerce, Banking, and Budget committees.

Education Savings Accounts — Last year, the House passed legislation (H.R. 2646; *H.Rept. 105-332*) to (1) expand the acceptable use of tax-free expenditures from education savings accounts (ESAs) to include elementary and secondary school expenses, (2) increase to $2,000 per year the maximum amount of contributions that may be made to an ESA, and (3) include corporations as parties who may contribute to an ESA. However, the president vetoed the measure. Current law allows annual ESA deposits of up to $500 from parents or other family members, and restricts the use of funds for only post-secondary education expenses. Mr. Hulshof has introduced similar legislation (H.R. 7) this year. ESAs may be considered as part of the overall tax package considered by Congress later this year.

Fast Track Trade Authority — Last fall, the House defeated legislation (H.R. 2621, *H.Rept. 105-341, Pt. I*) to grant the president "fast track" authority to negotiate trade agreements by a vote of 180-243. Under fast track procedures, Congress must consider trade agreements within mandatory deadlines, with limited debate, and without amendment (the authority to implement trade agreements with fast-track procedures expired in 1994). In the 105th Congress, the president and the Republican leadership agreed that—because the final vote was expected to be very close—the president must secure enough Democratic votes for passage of the measure. Although the administration claims to supports fast track, it opposed the measure's consideration late last year. Granting the president fast track authority is a contentious issue, largely because of congressional concerns about delegating too much discretionary authority to the president and disagreements over what subjects are appropriate to include in U.S. trade negotiations, such as the issues of labor practices and environmental regulation by the countries joining the agreement.

Health Care Quality — Last year, the House passed the Patient Protection Act (H.R. 4250) by a vote of 216-210. This year, the committee may consider similar legislation to address these health care issues. Components may address reforming malpractice laws, guaranteeing confidentiality of medical records, allowing honest communication between physicians and patients (elimination of "gag" rules), increasing access to emergency care, expanding medical savings accounts, providing greater access to plan information, and establishing external reviews by independent physicians. The Commerce, Education & Workforce, and Ways & Means Committees will work on these issues to ready legislation for floor consideration.

Medicare Reform — The 1997 Balanced Budget Act (*P.L. 105-33*) established the National Bipartisan Commission on the Future of Medicare, which was tasked with examining Medicare reform proposals and submitting its recommendations to Congress concerning long-term program reforms. Medicare is a nationwide health insurance program serving 38 million aged and disabled persons with an estimated budget of $211 billion in FY 1999. While the Balanced Budget Act ensured the solvency of the Medicare Trust Fund for the next 10 years, the program's financing mechanism will be unable to sustain it in the long run. Many lawmakers are concerned that the program's structure, which in large measure reflects both the health care delivery system as well as political considerations at the time of enactment in 1965, has failed to keep pace with the changes in the health care system as a whole. These problems will be magnified in 2011 when the baby boom generation begins to reach 65—the eligibility age for Medicare.

The commission—which missed its March 1 deadline date to submit its report—is expected to disband because it is unable to garner enough votes (it was one vote short of the 11 needed on the 17-member panel) to recommend a formal proposal to Congress. The commission was preparing to recommend a premium support model based on the current Federal Employees Health Benefits Program (FEHBP) model. Panelists disagreed over a plan for Medicare to offer and/or cover prescription drugs. Although the commission did not make any formal recommendation to Congress, its co-chairmen, Senator Breaux and Congressman Thomas, vowed to work with members to move the proposal forward in Congress. The Ways & Means Committee is expected to examine this proposal, as well as other reform options, during the 106th Congress.

Normal Trade Relations with China — Later this summer, the committee is expected to consider China's annual Normal Trade Relations (NTR; formerly called Most Favored Nation) status. This issue traditionally engenders contentious debate. Opponents of NTR for China argue that the U.S. should base China's trade status on its observance of human rights and its adherence to nonproliferation agreements. They say that China should be punished, rather than rewarded, for continuing to ignore U.S. requests to stop its policies of brutally suppressing peaceful political dissent and for exporting nuclear and missile technology to rogue nations. Supporters of NTR, in contrast, contend that revoking China's trading status will isolate the country, bolster nationalist and militant factions during an important period of political transition, and ruin any chance of getting Chinese cooperation on human rights, nuclear proliferation, or a host of other regional issues. Proponents argue that revoking NTR will inflict a heavy cost on many export-dependent sections of the U.S. economy and cost a significant number of jobs. Last year, the House defeated a resolution (H.J.Res. 121; *H.Rept. 105-638*) to deny NTR status to China by a vote of 166-264.

Social Security Reform — The Republican leadership has identified Social Security reform as one of its top congressional priorities this year. The Social Security system is now accruing more revenues than it is spending in outlays; beginning in 2013, however, Social Security will pay out more in benefits than it receives in payroll taxes, and the trust fund will be completely depleted by 2032. These problems will be magnified in the next decade when the baby boom generation begins to reach 65. In fact, the ratio of workers supporting the system to recipients is expected to fall from 3.4-to-one today to two-to-one in 2030.

* **The President's Framework**. In his budget for FY 2000, the president proposed using 62 percent of the projected federal budget surpluses ($2.8 trillion of some $4.5 trillion in surpluses) over the next 15 years to simultaneously shore up the Social Security system and pay down the publicly-held debt. In addition, the president's plan will allow the government to invest almost $600 billion of trust fund money in the stock market for the first time ever, the rest will be invested in federal government securities. The administration estimates that this proposal will keep the system solvent until 2055. The framework fundamentally changes the self-financing nature of Social Security by using general revenues and private market investments to support the program. Historically, Social Security has been financed almost exclusively with dedicated payroll taxes. In addition, the president also proposed that $500 billion of the budget surpluses be used to create new Universal Savings Accounts (USAs)—a 401(k)-like savings account that individuals will control to supplement Social Security benefits.

* **Congressional Plans**. Lawmakers are exploring a variety of reform options. Some members support a plan to allow individuals to establish private savings accounts with a small portion of their payroll taxes. Last year, Senator Daniel Patrick Moynihan outlined such a proposal that garnered bipartisan support. Other lawmakers may propose other ideas such as using part of the surplus to fund personal accounts to supplement Social Security or making other benefit or tax changes to achieve solvency.

  The congressional Republican leadership recently agreed on a framework for their FY 2000 budget. Specifically, the leadership agreed to establish a "lock-box" to reserve all (as opposed to the president's plan to divert a portion of the surpluses) of the Social Security Trust Fund surplus to ensure it is not spent for other purposes. This plan dedicates $1.8 trillion of Social Security surpluses over 10 years—more money than the president's plan—to reduce public debt, thereby strengthening the system. The Ways & Means Committee recently held a series of hearings on the president's plan—and will continue to hold hearings—as it considers the gamut of Social Security reform options.

Social Security Return to Work — Last year, the House passed legislation (the Ticket-to Work and Self-Sufficiency Act; H.R. 3433; *H.Rept. 105-488*) by a vote of 410-1 to allow disabled beneficiaries of certain Social Security and disability benefits to work outside of their homes and be self-sufficient. The measure allowed beneficiaries to receive vocational rehabilitation and other support services from a network of providers or select them using a newly created "Ticket-to-Work" provider subscription network. The measure is aimed at removing the barriers that prevent disabled Social Security and Supplemental Security Income recipients from entering the workforce. Since the measure's passage, the administration and a bipartisan group in the Senate endorsed an expanded and more costly version of the proposal. The committee is expected to consider similar legislation in the 106th Congress.

Tax Relief — Tax relief has been identified as one of the top congressional priorities in the 106th Congress. The Republican congressional leadership recently agreed to a framework for their FY 2000 budget proposal to phase in tax relief, permitting a tax cut of approximately $15 billion in FY 2000, $150 billion over five years, and $800 billion over 10 years. The Ways & Means Committee may consider a number of measures to provide tax relief this session, including (1) adjusting tax rates to provide overall tax relief, such as an across-the-board tax cut; (2) eliminating unfairness in the tax code, specifically the marriage penalty and the "death tax" (estate and gift taxes); and (3) reducing capital gains taxes. In addition, the committee is expected to extend a number of expiring tax provisions, such as the Research, Work Opportunity, and Welfare-to-Work tax credits. Chairman Archer is expected to propose a package of tax cuts later this year. Several current proposals are outlined below.

* **Clinton Proposal**. The president's FY 2000 budget proposal includes a small number of targeted tax cuts. Specifically, the president's budget calls for (1) a $1,000 long-term care tax credit to help pay for formal and informal long term care services for about two million Americans; (2) a $1,000 tax credit for work-related expenses for people with disabilities, (3) tax credits to subsidize school construction; and (4) increasing eligibility for the child and dependent care tax credit. These provisions would provide $36 billion in tax relief over five years. However, his budget also calls for increasing taxes by a net $46 billion over the next five years, including a $34 billion increase in tobacco excise taxes and extension of Superfund taxes.

* **Kasich Plan**. Mr. Kasich introduced legislation (H.R. 3) to provide a 10 percent across-the-board cut in income tax rates. The measure reduces each of the five federal income tax rates for individuals by 10 percent. Therefore, the 15 percent rate would become 13.5 percent, the 28 percent rate would be reduced to 25.2 percent and so on. The measure will provide $743 billion in tax relief over the next 10 years.

* **Johnson Proposal**. Mrs. Johnson (CT) is expected to soon introduce legislation to provide approximately $100 billion in targeted tax relief over the next five years. The measure (1) phases out the marriage penalty by increasing the standard deduction for married taxpayers and putting them on equal footing with unmarried couples; (2) speeds up the scheduled increase in the earnings limit to $30,000 in 2000 (currently, if a senior aged 65-69 earns more than $15,500, the government takes one dollar of Social Security benefits back for every $3 earned); (3) expands tax breaks for health care coverage (i.e., gives people who purchase their own health insurance the same tax breaks as those who receive employer-paid coverage); and (4) creates tax incentives to help people buy long-term care insurance.

* **Dunn-Weller Plan**. Mrs. Dunn and Mr. Weller recently outlined a proposal to provide $340 billion in targeted tax relief over five years. Specifically, the plan (1) eliminates the marriage penalty; (2) provides tax relief for families and single taxpayers by raising the personal exemption from $2,750 to $3,500; (3) expands the 15 percent tax bracket by 10 percent; (4) allows all workers to set aside $3,000 in their IRAs, up from the current limit of $2,000; (5) eliminates the senior citizen earnings limit; (6) reduces the estate tax by five percent each year until it reaches zero in 2010; (7) accelerates the current phase-in of the 100 percent health insurance deduction for the self-employed to January 1, 2000; (8) permanently extends the Work Opportunity and Research tax credits; (9) provides capital gains tax relief; and (10) provides several education tax credits.